the funds in Pakistani rupees at a gov-ernment-set dollar rate of 46 rupees.

for any meaningful local and foreign

investments in the country. The government refused Friday to

belongs to the people of Indonesia," said the leader of the demonstration, See INDONESIA, Page 15

By Clifford Krauss

New York Times Service

Cornejo pulls his taxicab over to the curb and opens his trunk to his col-lection of Sigmund Freud. His frustrations quickly melt away, he said, as " he reads Freud's theories on dreams and

the development of the infantile libido. Like many Argentines, Mr. Cornejo, 38, has been through years of psychotherapy. He said he had had serious relationships with two psychologists, is in love with a third and is seriously

considering going back to school to

become a psychologist himself.

psychoanalysis, or just with psychologists," Mr. Cornejo said with a laugh.

Either way, his overriding interest — understanding themselves and making you might call it obsession — is as thoroughly Argentine as the tango.

There are more psychologists in Argentina per capita — 111 for every 100,000 inhabitants — than in any country in the world except Uruguay, Argentina's small neighbor. New York and Buenos Aires are neck-and-neck for the distinction of being the city with the most psychotherapists, including psy-

chologists and psychiatrists, overall.

"Argentines are passionate about understanding themselves and making their lives better and happier through self-knowledge," said Lucia Martinto de Paschero, president of the Argentine Psychoanalytic Association. The numbers tell only part of the story

because it is hard to count the ways Argentines express their abiding interest analyzing their egos and psyches.

Television and radio talk shows featuring psychologists fill the airwaves with daily psychobabble. Pagina 12, a leading Buenos Aires newspaper, devotes two pages of coverage to psy-chological matters every Thursday. A

See ARGENTINA, Page 4

Herald international Cribune. PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

The World's Daily Newspaper

Paris, Saturday-Sunday, May 30-31, 1998

Recession Fears Deepen in Japan **Amid Fewer Jobs** And a Sliding Yen

By Sheryl WuDunn

TOKYO - Japan's economic distress deepened Friday as unemployment jumped to another record high. bond yields tumbled to new lows and the currency hit a seven-year floor on fears that regional instability could send the world's second largest economy into a

Koji Omi, chief of the Economic Planning Agency and the nation's top economic policymaker, acknowledged Friday that the economic troubles were becoming increasingly severe, particularly in employment and production. The government said that Japan's jobless rate for males in April was 4.2 percent, and that for every 100 applicants there were only 55 jobs, the lowest number in

The yen slid, as traders turned to the dollar for safety after Pakistan conducted nuclear tests on Thursday, and it slipped further after the government said unemployment had hit 4.1 percent in April, up from 3.9 percent in

The dollar was quoted in late New York trading on Friday at 138.85 yea, compared to a rate of 115.86 yea a Outside Japan, officials have been deeply worried that a sharp recession here could aggravate the Asian fi-

nancial crisis, ripple around the world and knock the global economy off its tracks. Concern also is mounting that Japanese government officials have few tools left to revive the recessionary economy and that they have not yet had a serious discussion on formulating economic policy. The country's central bank, the Bank of Japan, has already been

count rate is at half a percent, leaving little room for the bank to drop rates again to help fuel growth. "It's quite scary," said Andrew Shipley, an economist at Schroders Japan Ltd. Referring to the Bank of Japan,

pursuing an easy monetary policy and its official dis-

he added, "Japan's economy is sliding into recession without the BOJ able to cushion the blow." Indeed, rather than discussing lowering rates, a top central bank official appeared in Parliament Friday to defend the current rates and assure politicians, who are fretting about the low rates on savings, that the official discount rate will be raised as soon as the economy gets

back on a sustainable track. With the dollar surging to 139 yea, some economists are worried about further drops for the yea. If the currency continues to slide, the risk escalates that its softening will trigger a round of competitive devalu-

See JAPAN, Page 15



A child during prayers in a mosque Friday as Pakistanis rallied behind the nuclear tests.

Cold War Specter Haunts India

Jubilation Vanishes, and Some Fear an Arms Race

ANALYSIS

AGENDA

By Kenneth J. Cooper and John Ward Anderson Washington Post Service

India's leaders promised their citizens that any new "Cold War" with Pakistan would not be like the one between the United States and the former Soviet

Union. But so far, it is hard to see much difference. They said there would be no arms race with spiraling costs and escalating tensions after India this month blasted its way to self-proclaimed status as a nuclear power. A nuclear arsenal in the hands of a developing nation that Prime Minister Atal Bihari Vaj-

peace" would instead prevent war through deterrence, just like during the Cold War between the United States and former Soviet Union. But the first nuclear tests ever conducted by Pakistan, which came Thursday, shattered whatever illusions that Mr. Vajpayee and his coalition gov-

payee described as "dedicated to

ernment may have entertained about India being exempted from the dangers of nuclear arms. Mr. Vajpayee and other government leaders said afterward they had expected Pakistan to conduct its own nuclear tests, but just days before, members of his Hindu nationalist Bharatiya Janata Party had been crowing that maybe the Islamic Republic of Pakistan could not muster the necessary technology or would be bought off by a generous aid

package from the Clinton administration. Not only did Pakistan claim to have matched India's five tests, Prime Minister Nawaz Sharif

went a few steps farther toward the brink of nuclear disaster. Mr. Sharif's government announced, then Friday denied, that nuclear warheads would be put on Pakistan's Ghauri missile, while India has avoided saying when or how the nation would

assemble weapons. Rather than pledge, as India has, not to use nuclear weapons first, Pakistan issued an unsubtle threat to inflict a first strike if India dared launch a military attack on its smaller neighbor. And instead of following India in declaring a moratorium on further testing, Pakistan appeared to be preparing to detonate additional devices.

Suddenly, jubilation disappeared among members of India's educated elite, who cheered its nuclear tests as a bold expression of national pride. A Western diplomat reported that fear had replaced glee in the eyes of Indian co-workers. A filmmaker who only a few days ago had delighted in bashing the United States as hypocritical and boasting of her country's assertion of its global import had not a word to say when asked about Pakistan's tests.

Opposition members of Parliament, previously hesitant to criticize a politically popular move, now have turned to accusing Mr. Vajpayee's government of precipitating an ominous arms race that it d promised to avoid.

'India shall not engage in an arms race,' the government declared Wednesday in a policy statement to Parliament. "India shall also not subscribe or reinvent the doctrines of the Cold War.

See COLD WAR, Page 4

By Seth Mydans New York Times Service

JAKARTA -- Cracks spread through the financial empire of former President

Suharto on Friday as two of his relatives

gave up their positions at the head of one

of the country's largest conglomerates

and the government announced mea-

sures to curb the economic favoritism

that had allowed the Suharto family to

As the former president rested at his

Jakarta home, according to his half-

brother, a groundswell grew for the re-turn of the fortune of up to \$40 billion

that he and his six powerful children are believed to have siphoned from their

country's economy.

Newly liberated newspapers competed to display ever bolder headlines about the "Suharto trillions" — in In-

donesian rupiah - and street vendors

passed out photocopied lists of the Suharto holdings, complete with mug

Under heavy public pressure, Mr. Suharto's second son, Bambang Tri-

harmodjo, resigned Friday as president-

director of the Bimantara Citra con-

glomerate, one of the country's largest

companies, which he founded and has headed since 1981. He and a Suharto

son-in-law quit the board of directors.

about 20 demonstrators sang and chanted. "The Suharto family wealth

Outside the company headquarters.

amass billions of dollars.

shots of family members.

Major Powers Discuss A Carrot for Test Ban

They May Offer Security Guarantees If India and Pakistan Accept Treaty

By Jim Hoagland
Washington Post Service

PARIS - The United States, France, Britain and other major powers have begun discussions on holding one or more international conferences to get India and Pakistan to renounce further nuclear testing in return for security guarantees and help from the industrial world in developing civilian nuclear power centers.

The thrust of the summit diplomacy now under discussion would be to shift the emphasis from the economic sanctions and condemnation that the tests have provoked to providing India and Pakistan with material incentives and a new status in international councils if they are willing to join bans on testing and the manufacture of plutonium and highly enriched uranium.

The seven or eight powers with the capability to do something should meet among themselves first to discuss what we can do to persuade India and Pakistan to sign the Comprehensive Test Ban Treaty and to join the negative in the Comprehensive Test Ban Treaty and to join the negative in the Comprehensive Test Ban Treaty and to John the Discussion of the Comprehensive Test Ban Treaty and to John the Discussion of the Comprehensive Test Ban Treaty and to John the Discussion of the Comprehensive Test Ban Treaty and to John the Discussion of the Comprehensive Test Ban Treaty and the Comprehensive Test Ban Treaty Ban Ban Ban Ba gotiations in the Conference on Disarmament on the cutoff of the man-ufacture of fissionable material." President Jacques Chirac of France said

here at Elysée Palace. Then India and Pakistan could join the talks without fearing they would be humiliated, as they fear now, and we could all work together to save the Nonproliferation Treaty, which must be saved." Mr. Chirac said in an interview that provided a window on the intensive diplomacy that has followed India's surprise nuclear testing in mid-May and Pakistan's retaliatory testing this

Mr. Chirac appeared to have the United States, France, Britain, Russia and China - the five permanent members of the United Nations Security Council, all of which possess military nuclear arsenals — and Japan and Germany, as major economic powers, in mind as the interlocutors with India and

Pakistan in a summit conference.
[In Washington, a U.S spokesman. said that foreign ministers of the five

permanent members planned to meet

Sulaiman Hakal, "Give it back now."

to recover the vast family wealth -

even at the Bimantara corporation. Despite the public retreat, Mr. Bambang

and his brother-in-law, Indra Rukama,

remain its largest shareholders, con-

trolling together 52 percent of the com-

The government is still packed with

wealthy Suharto cronies, including the new president, B. J. Habibie, who under

Mr. Suharto's protection became one of

the country's leading businessmen, en-

riching his family along the way.

But a wave of reform is sweeping

Indonesia, and government ministers are responding. Education Minister Ju-

wono Sudarsono said he would allow

students to form independent campus

Information Minister Yunus Ysfiah

hinted that newspapers and magazines

banned under Mr. Suharto's regime would be allowed to reopen. New

parties and political groupings were forming unhindered. Government op-

ponents were having their say un-

family's economic grip, the chief eco-

nomics minister, Ginandjar Kartasmita,

himself an appointee of Mr. Suharto,

announced on Friday a series of steps

aimed at the kind of manipulation that

produced huge profits for the former president's relatives and friends.

Moving to dismantle the Suharto

hindered on television.

But there is still a very long way to go

Jakarta Easing the Grip

Of Suharto on Business

Son and Son-in-Law Quit Sprawling Empire

Pakistanis Already Feel Economic Fallout of Tests

next week to seek ways of easing the threat Reuters reported. "The purposes

of this initial session would be to de-

velop a coordinated common approach to this grave situation," said the State

Department spokesman, James Rubin.] Similar proposals to Mr. Chirac's were discussed in Luxembourg on

Thursday by the U.S. secretary of state, Madeleine Albright, and her French, German and British counterparts on the

margins of a NATO conference, ac-

be organizing a meeting of the foreign ministers of the Group of Eight indus-

trial powers to discuss similar mea-

shimoto, Japan's Jiji Press news agency

said the meeting would be held in Bri-

See DIPLOMACY, Page 4

Quoting Prime Minister Ryutaro Ha-

Britain, meanwhile, was reported to

cording to diplomatic sources.

tain on June 10.

By John Ward Anderson and Kamran Khan

ISLAMABAD, Pakistan - Businessmen, bankers and investors criticized the Pakistan government's decision on Friday to limit access to their foreign currency accounts in the wake of tests of nuclear devices and the pressure put on the country's economy by

international sanctions. The United States imposed sanctions, and other countries are considering cutting off loans and grants and curbing trade, after Pakistan answered the nuclear bomb explosions two weeks ago by its archrival, India, with underground tests of its own Thursday, setting off a dan-

gerous new arms race in South Asia. Many analysts have predicted that the sanctions could force Pakistan to default on its \$50 billion debt, about \$32 billion of which is owed to foreign lenders. In response, Islamabad announced a fourmonth state of emergency early Friday and froze about \$9 billion in foreign currency that is held in private accounts in Pakistan's banking system.

Owners of the accounts have access to the money, but only if they withdraw

Asia's nuclear breakout aims at prestige. • U.S. doubts Pakistanis staged five tests. • Israel fears

proliferation in the region. Page 5

"It appears the government has basically decided to abandon its drive to turn Pakistan into a truly free market economy," said the head of an international bank in Pakistan. "The measures taken on security and the economy in the last 24 hours shatter the prospects

provide additional details about the ex-plosions at the Chagai Hills test site in western Pakistan. Relatively moderate seismic readings taken outside the country have raised doubts about the size and number of nuclear devices, with some skeptics suggesting that Islamabad claimed five successful tests just to match the number of tests by New Delhi.

U.S. satellite images indicate that other test holes have been drilled and readied for additional explosions, intelligence sources said. Islamabad has refused to rule out the possibility of

See PAKISTAN, Page 4

Barry Goldwater Is Dead; **Clinton Appeals Outspoken Conservative** For Kosovo Talks President Bill Clinton on Friday Lost '64 Presidential Bid urged Ibrahim Rugova, the ethnic Albanian leader in Kosovo, to con-tinue peace talks with Serbia to prevent a repeat of the war in Bosnia. Kosovo "is a flash point in the

By Bart Barnes

WASHINGTON - Barry Goldwater, a five-term Arizona senator and a champion of conservatism whose presidential candidacy in 1964 launched a conservative revolution in the Republican Party, died Friday at his home in Paradise Valley, a suburb of Phoenix, of

natural causes. He was 89 years old.
Mr. Goldwater, who retired from the Senate in 1986 as one of his party's most respected elder statesmen, suffered a resounding defeat when he ran for president. But his efforts helped prepare the way for the election of another conservative Republican, Ronald Reagan,

as president in 1980. The Arizonan carried only six states and 36 percent of the popular vote in

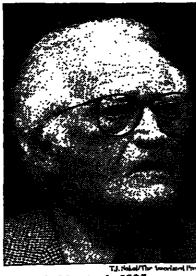
After the election, most analysts and commentators concluded that the Republican Party was hopelessly divided and that Mr. Goldwater and his con-servative philosophy were all but politically dead. But in fact, he had wrested control of the party from the Eastern liberal wing that had dominated it for

By 1980, he was acknowledged as the founder of a conservative movement that had become a vital element in mainstream Republican thinking and a major ingredient in Mr. Reagan's political ascendancy. It was a 1964 speech de-livered on behalf of Mr. Goldwater that brought Mr. Reagan to national prom-inence and helped launch his political

During his 1964 presidential campaign, Mr. Goldwater was attacked by Democrats and opponents in his party as a demagogue and a leader of right-wing extremists and racists who was all but

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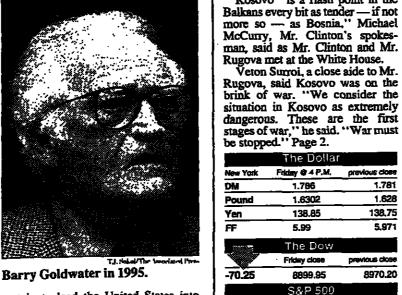


certain to lead the United States into nuclear war, eliminate civil-rights progress and destroy social welfare programs, like Social Security. But that perception mellowed with time.

Mr. Goldwater served three more

terms in the Senate after his 1964 defeat, and long before his retirement he had come to be regarded as the Grand Old Man of the Republican Party and one of

See GOLDWATER, Page 4



138,75 Books ..

1097.59 Page 8. Page 5. Page 6. Pages 20-21.

Andres Cornejo, taxi driver and devotee of psychologists and therapy.

So, Argentina, Start at the Beginning ...

BUENOS AIRES — When rush-hour traffic gets him down, Andres

'I don't know if I am in love with

The number of Argentine psychologists is growing, from 5,500 in 1974, to 20,100 in 1985, to an estimated 37,000 today. There are also more than 2,500 psychoanalysts

Rural Rwanda's Catastrophes Give Rise to an AIDS Epidemic

By James C. McKinley Jr.

New York Times Service

GITARAMA, Rwanda --- Emiriene Nirere lay

dying in a hospital here, a victim, she said, not only of the AIDS virus, but also of the Rwandan

tradition that extols having many children.

Too weak to hold her head up, Mrs. Nirere, 40,

told how her husband had begun sleeping with several other women several years ago after it

became clear they could not conceive a child. He

died of an AIDS-related illness during the civil

war in 1994. She is dying now.
"I could never get pregnant," she said, fiddling

with the intravenous tube in her hand. "I think he

Mrs. Nirere is a sign of things to come here in

rural Rwanda, where people face a new catas-

trophe after living through civil war, massacres

and a refugee crisis of monumental proportions. Fanned by a decade of ethnic war and upheaval,

a fast-growing AIDS epidemic has broken out of this country's cities and is sweeping through the

NATO Will Strengthen

Its Ties With Ukraine

President Leonid Kuchma said last week that a move by

strategically important because of its location between Russia and

the former Warsaw Pact countries that are due to be brought under

alliance up to the former Soviet republic's borders.

allied and Ukrainian armed forces.

Roy Emerson

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wanted to have a child with another woman."

International Health Insurance

rural areas, heath officials and aid workers say. Even if it is arrested now, the epidemic will take the lion Hutu refugees marched into exile in neighlife of one person out of 10 in the coming decade. boring countries, where they lived in UN refugee A survey of 4,750 people released this month camps until late 1996, when they were forced to return en masse to Rwanda.

These events spread AIDS outside the capital suggests that Rwanda's epidemic is one of the

city, where it had long been a serious problem, health officials say. Not only were the Hutu refugee camps notorious for prostitution and sexual promiscuity, but thousands of Tutsi wom-en were raped by Hutu soldiers and militiamen during the massacres. A guerrilla war between Hutu militias and the

Tutsi-dominated army has continued to grind on in the countryside, with massacres taking place on both sides. The insecurity not only keeps health workers out of remote areas, but also hampers efforts to prevent AIDS.

"The priority for these people right now is not AIDS," said Pascale Crussard, a nurse who directs the relief organization CARE's anti-AIDS program in Gitarama. "It's security. When people can die tomorrow from a machete wound,

state-organized campaign of terror. About 2 mil- I'm not sure they think much about AIDS, from which they could die in 10 years."

The war and massacres also contributed to the rise of sexual promiscuity in recent years, as people whose families have been scattered or killed try to piece their lives together, find companionship and start new families, social workers here say.

Because Rwandans put a high value on having many children, many women who lost children and husbands during the war are choosing to have children out of wedlock, aid workers say. In some rural areas, they say, it has become common for several women to share a single male sexual partner who lives with none of them. In others, polygamy is being practiced as it was in preclonial Rwandan culture; indeed, of the married people surveyed, 23 percent of the women and 17 percent of the men said they were in polygamous households.

"We think about AIDS only afterwards, after the people are "said Euleria Mukamourahama a mother

sexual act," said Eulerie Mukarugambwa, a mother of five whose husband was killed in the genocide. "There are women here who lost children in

the war and they just want to replace them."

Clinton Asks Ethnic Albanians to Help Avert War

U.S. Urges Kosovo Talks

Agence France-Presse

WASHINGTON - President Bill Clinton on Friday urged Ibrahim Rugova, the ethnic Albanian leader in Kosovo. to continue peace talks with Serbia to prevent a repeat of the war in Bosnia.

Kosovo "is a flash point in the Balkans every bit as tender — if not more so — as Bosnia," Michael McCurry, Mr. Clinton's spokesman, said as Mr. Clinton and Mr. Rugova met at the White House.

Mr. McCurry noted the "stunning success" of Richard Holbrooke, the special U.S. envoy to the Balkans, in getting talks started between President Slobodan Milosevic of Yugoslavia and

Mr. McCurry said the United States recognized "the importance of this dialogue and continue to urge" Mr. Rugova and Belgrade "to remain in dialogue."

He added: "The preventive diplo-

macy we're doing in Kosovo now is designed to avoid exactly the kind of tragedy and heartache that we have seen in that region.

The spokesman said that, while the United States did not support indepen-

dence for Kosovo, "We have said that there must be a solution found in the context of the Federal Republic of Yugoslavia.''

More than 200 people have died in Kosovo this year in clashes between Serbs and the mainly Albanian population, which is seeking autonomy for the province.

Veton Surroi, a close aide to Mr. Rugova, said Kosovo was on the brink of war. "We consider the situation in Kosovo as extremely dangerous. These are the first stages of war," he said. 'War must be stopped." He said he was encouraged that the

United States had vowed not to tolerate another "Bosnia." "This was the most explicit message

we have received" from the White House, he added.

He said Washington was attempting to broker a second meeting between Mr. Milosevic and Mr. Rugova, who held talks May 22. But beforehand, Mr. Milosevic must take "more steps," said Mr. Surroi, without saying what those steps should be.

BRIEFLY

Chechnya Shootings Follow Abduction

MOSCOW — A Ukrainian govern-ment official was abducted in Chechnya and four members of a Chechen antiterrorist unit were wounded in a shootout. Russian news agencies reported Friday.

Nikolai Brichko, a representative of Ukraine's Ministry for Emergency Sitaations, was seized Thursday night in the capital, Grozny, the Itar-Tass news agency reported.

He was in Chechnya to negotiate with officials about restoring damage from the 1994-96 war of independence against Russia, the Interfax news agency said. Five gunmen took part in the abduction, it added.

The four anti-terrorist officers who were wounded later Thursday were believed to be taking part in a raid to free

Prodi Survives Vote

ROME - Prime Minister Romano Prodi's center-left coalition easily defeated a no-confidence motion Friday against the interior and justice ministers.

The vote was brought by the Northern League and a small centrist party to hold the two ministers responsible for the recent disappearances of a Mafia boss

and a convicted financier.

The coalition easily won, 310 to 46, in the vote in the Chamber of Depu(AP)

Slovak Election Fails

BRATISLAVA, Slovakia - The Slovak Parliament's seventh attempt to vote in a president ended in farce Friday when the sole candidate failed by a huge margin to be elected.

Slovakia has been without a head of state since March 2 when President Michal Kovac completed his term.

A three-fifths parliamentary majority, or 90 votes, is required to vote in a president but the government of Prime Minister Vladimir Meciar and the opposition are too divided to agree on a compromise candidate.

21

Neither government nor opposition bothered to field candidates in the voting Friday, which was contested by Vladimir Abraham, an independent, who got just 13 votes.



Javier Solana of NATO, right, welcoming Anton Buteyko, a Ukraine aide, in Luxembourg on Friday.

TRAVEL UPDATE

worst in East Africa, with an overall infection rate

even higher than neighboring Uganda, where the

disease first appeared in Africa in the early 1980s,

epidemiologists say. The survey shows that about

though the epidemic seems to have plateaued in

the cities, it has soared in the countryside, nearing

There are many reasons for the rise in AIDS outside the cities, but most of them can be traced to

the war and massacres in 1994, as well as the mass

movements of refugees from the violence in the last

four years. The upheaval broke down social taboos

against promisculty, and the ever-present threat of

violence made it harder to persuade people to worry

500,000 Tutsi and moderate Hutu were killed in a

During three months in 1994, more than

about a disease that takes years to show up.

11 percent from about 1.3 percent in 1986.

percent of Rwandans are HIV-positive. Al-

French Rail Unions Join Pilots in Cup Strike Plan

PARIS (Reuters) — Putting fresh pressure on France just before the start of the World Cup, rail unions on Friday announced a 36hour strike beginning Thursday evening and said it could be extended if demands were not met. Air France pilots already are threatening to strike at the start of the competition.

The CFDT, CGT and CFTC unions, repdrivers, said the walkout, coinciding with a strike by Air France unions, was intended to put pressure on the SNCF state rail authority to raise salaries and hire additional workers.

The rail unions' announcement was another piece of bad news for France. Unions have been lining up to call strikes during and just ahead of the month of soccer tournament beginning June 10 in hopes of wringing concessions from employers and a French government terrified of labor troubles during the

vice extremely hard, as these trains could not 309 Deutsche marks (\$174) and up.

leave the station without conductors. Air France unions accused management Friday of deliberately seeking a head-on confrontation with pilots after talks aimed at avoiding a two-week strike broke down.

No further meetings were scheduled and the main pilots union, SNPL, said it would go ahead with a strike starting Monday, threatening chaos around the soccer World Cup. which begins June 10.

Three smaller pilots unions have said they will strike against Air France from Monday to Thursday.

The walkouts are expected to force cancellation of three-quarters of Air France's

Lufthansa Cuts Fares

FRANKFURT (AP) - Lufthansa wants to attract more air travelers within Germany to Scandinavia and Finland with discount fares

this summer, the carrier said Friday.

The June 5-Aug. 31 deals include nearly every domestic route and flights to major Scandinavian and Finnish cities, but only for A CFDT union spokesman said the strike off-peak flights, the airline said. Flights from would hit intercity and high-speed TGV ser- Frankfurt to Copenhagen, for example, will be

Britain Plans a War Crimes Trial

LONDON - A magistrate on Friday ordered a 77-year-old man to be tried for Nazi murders in what will be Britain's first war crimes trial.

The suspect, Anthony Sawoniuk, is charged with killing four Jews in late 1942 in his hometown of Domachevo, which was then in German-occupied Belorussia (now Belarus). An earlier war crimes case, held under an act charges against him.

of Parliament passed in 1991, collapsed in 1996 when the defendant, Szymon Serafinowicz, was declared mentally unfit to stand trial. Mr. Serafinowicz died last year at age 87.

Mr. Sawoniuk is younger and looks in better health although he is partly deaf.
The former railroad worker looked strained and anxious at Friday's hearing in a central

London court. He is charged with killing two unnamed Jewish women, a "Jew known as Mir Barlas" and a "Jew known as Schlenko" in Domachevo, which is now in Poland. The town is on the border of Belarus and Poland and has passed back and forth between the two countries repeatedly as boundaries

After a committal hearing lasting around two months, Magistrate Graham Parkinson ruled there was not enough evidence to try Mr. Sawoniuk on a fifth marder charge.

The defendant was granted bail and is due to appear at Central Criminal Court in London to make his plea on July 24. He has denied the

Mr. Sawonink's given name is Andrzej, but he Anglicized it to Anthony after he came to Britain. He has lived in London's East End for

many years.

He was charged with war crimes in March last year following investigations by a special police war crimes unit, set up after the 1991 The unit has investigated nearly 400 cases dating from World War II, but suspects have

either died, been unfit to stand trial or there has not been enough evidence to charge them. Apart from Mr. Sawoniuk only one suspect remains under investigation by the unit.

Tougher Rules For EU Drivers

Agence France-Presse BRUSSELS - After seven years of talks, European Union ministers have agreed on offenses that would automatically deprive dangerous drivers of their driver's license in any of the 15 member

They include dangerous driving, whether or not it causes death or injury, driving without a license, drunk-driving and refusing to give a breath test. The resulting con-vention, coupled with a data bank, means motorists banned from driving in a foreign country will no longer be able to drive once they return home.

The Associated Press

Sweden Outlaws Sex for Sale

STOCKHOLM - The Swedish Parliament on Friday outlawed the purchase of sexual services despite arguments that doing so would succeed only in driving prostitution

The ban, to take effect in 1999, was the most contentious lement of a bill widening protection against the sexual abuse of women. It does not outlaw prostitutes, but only the purchase of their services; the maximum penalty will be six months in

Currently, prostitution and purchase are legal in Sweden, out pimping is not. Prostitution has a low profile in Sweden, with little street solicitation.

Among opponents of the law, which passed by a vote of 181 to 92 in the 349-seat Riksdag, were the main opposition party, the conservative Moderates.



Europe Topocrotical Publisher Communication of the Communi Middle East

Africa

WEATHER

North America Chance of showers in the Northwest Sunday, then doscow Sunday into Monday and Decoming milder day. Becoming milder Monday and Tuesday with sun-word through Tuesday. Then a shower a fine Showers possible in showers and a thunder-warm in the Northeast stime. Showers possible in showers and a thunder-warm in the Northeast stime. Showers possible in showers and a thunder-warm of the Sunday through Tuesday. London and Paris Sunday. Warm in Seoul Sunday at the southwest desents with sunshinte. More sunshine and hot over the Guil Coast through the period. Middler in Stockholm did from Monday and Tuesday. The Monday and Tuesday. The Monday and Tuesday into Monday, then dend Monday and Tuesday. Sunday into Monday, then dend Monday and Tuesday. Sunday into Monday, then dend Monday and Tuesday. Sunday, then dend Monday and Tuesday. Sunday into Monday and Hong Kong.

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Starr Goes Straight to Top

He Asks High Court to Settle Fight With Clinton By Peter Baker

Washington Post Service independent counsel Kenneth Start has asked the Supreme and reasoning that Watergate office. prosecutors did in similar cir-

cumstances 25 years ago. In a maneuver successfully employed only a handful of times in U.S. history, Mr. He added, This litigation involves fundamental constitake the case directly from the powers. district court, which has ruled that Mr. Clinton cannot use schedule requested by Mr.

timetable Mr. Starr suggested, the high court would hear line for both sides to file oral arguments on June 29.

"This case is of high moment." Mr. Starr wrote to justify his request in the petition ments would be held on June that except for national seon Thursday, "It is strongly 29. in the nation's interest that the case be resolved quickly so that the grand jury's investigation can move forward at the earliest practicable date."

The White House declined The White House declined agreed to do so, dating to to comment on Mr. Starr's 1947; in addition to U.S. v. petition. "We have just been Nixon, the other cases inserved with the papers and we volved such issues as steel have not yet had a chance to and mine strikes, and the fully review them," said a spokesman, James Kennedy.

The executive privilege petition heralded a constitutionwas asked to address the April and rarely schedules a client privilege in Mr. Lindmurky limits of presidential case even for May or early sey's case.

. WASHINGTON — The argument and even his proposed timetable after those used by the special prosecutor Court to intervene on an Leon Jaworski in persuading emergency basis to settle his the Supreme Court in 1974 to fight with President Bill Clin-order Richard Nixon to turn ton over executive privilege, over the secret Oval Office suicide. adopting the same legal tactic tapes that forced him out of

> "As with Nixon," Mr. Start wrote, "this case is exceedingly important."

Starr asked the justices to bypass the appeals court and the doctrine of separation of

Under the compressed the privilege to shield top Starr, the White House would aides from testifying in the have until Tuesday to respond Monica Lewinsky investiga- to the request for certiorari. If the court then agrees to hear Under the accelerated the case, Mr. Starr asked the justices to set a June 15 deadbriefs simultaneously and then June 22 for each to re-ternal White House commuspond to the other. Argu-

> Leapfrogging a case past an appeals court on such an expedited schedule is almost never done. In his petition, Mr. Starr could eite only five times the Supreme Court has question of Iranian assets during the Tehran hostage

The court usually holds or-

secrecy for only the second. June, But it has already madetime. Throughout his 14-page one exception this term for filing, Mr. Starr patterned his Mr. Starr — agreeing to expedite a dispute over attorney-client privilege related to conversations the late White House deputy counsel Vincent Foster Jr. had with his lawyer before Mr. Foster's

Oral arguments are cheduled for June 8 on whether the attorney-client privilege dissolves when a chent dies.

The tight schedule tracks that used in 1974, when Mr. Jaworski petitioned the Su-preme Court on May 24, oral arguments were held on July 8 and the unanimous 8-to-0 decision against Mr. Nixon was returned on July 34 With the tapes documenting his involvement in the Watergate cover-up, Mr. Nixon resigned two weeks later.

In that case, the court established that a president does have a right to keep his innications confidential, but curity matters, his interest must be balanced against prosecutors' need for evidence.

Applying that test, Norma Holloway Johnson, the chief judge of the U.S. District Court, decided May 4 that the White House deputy counsel, Bruce Lindsey, and a communications adviser. Sidney Blumenthal, must answer Mr. Starr's questions in the Lewinsky matter.

Her ruling, made public Wednesday, also rejected Mr. al battle as the Supreme Court all arguments from October to Clinton's claim of anomey-



FRONT-RUNNER - Jamil Mahuad, a candidate in Ecuador's six-way presidential election on Sunday, greeting supporters at a campaign stop in Quito. Mr. Mahuad, the mayor of the city, has a clear lead in opinion polls.

Billionaire Gets Day in Court

Heiress Faced a \$650 Fine; Now She Is Facing Jail

SPRINGDALE, Arkansas aire, could have paid \$650 to all the time the court devoted settle a drunk-driving case but instead chose to fight the charges with a pair of highpowered attorneys. She lost.

The heiress to the Wal-Mart retail chain, who is be lieved to the second-richest woman in America with a net woman in America with a net woman in America with a net gas meter and a telephone center to be evaluated by a gas meter and a telephone box. She testified that she had counselor, who will recommend a rehabilitation prometer that we would be a second-richest woman in America with a net gas meter and a telephone center to be evaluated by a gas meter and a telephone box. She testified that she had counselor, who will recommend a rehabilitation prometer that we would be a second-richest woman in America with a net gas meter and a telephone counselor, who will recommend a rehabilitation prometer that we would be a second-richest woman in America with a net gas meter and a telephone counselor, who will recommend a rehabilitation prometer that we would be a second-richest woman in America with a net gas meter and a telephone counselor, who will recommend the second-richest woman in America with a net gas meter and a telephone counselor, who will recommend the second-richest woman in America with a net gas meter and a telephone counselor. Thursday.

She faces up to a year in jail and \$1,125 in fines when she is sentenced on July 2.

Ms. Walton, 48, frowned slightly as the judge an-nounced his decision, but she said later that she had no regrets about the trial, which name?' included 12 hours of testimony and 23 witnesses.

the story," her spokesman, but said that "Officer Mot-Skip Rutherford, read from a singer was very ugly to me."

Away From Politics

statement she prepared. "That was personally very - Alice Walton, a billion- important to me. I appreciate to my case.

Ms. Walton, daughter of Ms. Walton, daughter of lice, driving without a seat Sam Walton, the founder of belt and failing to properly Wal-Mart Stores Inc., maintain control of her Wal-Mart Stores Inc., crashed her car near her home Mart retail chain, who is be- Jan. 27. She broke her nose in

night but was not drunk. Police officers restified that Ms. Walton refused re-serving an automatic 180-day peatedly to submit to a bloodalcohol test at the hospital.

She turned back to me and said: 'Do you know who l am? Do you know my last name?" a police officer, Charles Motsinger, testified,

Ms. Walton said she did not "I wanted to tell my side of recall making those statements

Judge Stanley Ludwig found Ms. Walton guilty of driving while intoxicated, refusing to take a blood-alcohol test at the request of the po-

vehicle. He ordered Ms. Walton to gram for Ms. Walton.

She already has begun suspension of her driver's license for refusing to take the blood test.

Judge Ludwig said there was no apparent reason other than intoxication for Mrs. Walton's late-night, singlevehicle accident in good

He also pointed out the results of her blood test.

Hubble Image: A Possible Extrasolar Planet

By Curt Suplee

WASHINGTON — The Hubble Space Telescope has captured what may be the first image ever recorded of a planet outside our solar system.

Scientists said Thursday that the object appears to be a "gas giant" like Jupiter, but about three times as massive, that was hurled away from nursery 450 light years from Earth. If it is in fact a planet, and several

experts agree the odds are less than one in 50 that it is not, then "this image is not merely extraordinary, but of historical significance," said Alan Boss of the Carnegie Institution of Washington.

Edward Weiler, director of the National Aeronautics and Space Administration's Origins Program, said: "I've been waiting a long time for this day." Mr. Weiler said people have always wondered whether there were planets created around stars other than our own, but "until

five years ago, we had absolutely no reason to say yes."

Since then, there has been indirect evidence for as many as eight such "extrasolar" planets, based on the way they affected the motion of their neighboring stars. "Still, there was no image - until, perhaps, today, Mr. Weiler said.

If confirmed by observations at the Keck observatories in Hawaii its young parent stars in a busy stellar and elsewhere, the new find "absolutely" increases the likelihood that there are other planets "like Earth with atmospheres like Earth's that can support life." Mr. Weiler added.

Gas giants such as Jupiter and Saturn cannot host life forms as we know them. But many astronomers believe the mere presence of such planets, and their gravitational effects, makes it more likely that solid, terrestrial planets will form in the same system, just as they did around the Sun.

That's why the new image is "a landmark in our quest to understand Laboratory were studying a small



The possible planet, at lower left.

our origins." said Stephen Strom of the University of Massachusetts at Amherst.

The putative planet was discovered accidentally by a team headed by Susan Terebey of Extrasolar Research Corp. in Pasadena. California. In August, she and researchers from the Jet Propulsion

area of the sky in the direction of the constellation Taurus, where young stars are being created.

The region is so dense with cosmic dust that almost no visible light gets out, so the scientists were using a special instrument called the Near-Infrared Camera aboard Hubble, which is orbiting 375 miles (600

kilometers) above Earth. A few months later the data were ready for analysis, and Ms. Terebey focused on one spot where two socalled binary stars, each about the mass of the Sun, are revolving around each other. Very near the binary pair, there was a highly unusual filament-shaped structure of glowing gas that seemed to be "a tunnel through space." Ms. Terebey said. 'Essentially like a light pipe.'

At the end of it was a mysterious bright blob that appeared too small to be a star.

"It took a while to figure out what it was," she said. "I wasn't thinking planets at all."

Detroit's 'Miracle' Warms the Earth

Side Effect of Catalytic Converters that are believed to cause

global warming.
The United States and the

other industrialized nations

agreed in Kyoto, Japan, last

December to lower emissions

cent below 1990 levels over

the next 10 to 15 years, but the

agreement has not been ap-

proved by the Senate, and no

implementing rules have

The environment agency

has not proposed a solution at

lic comment on its study.

mentalists suggest that the

trous oxide is yet another rea-

The agency's study esti-

mated that nitrous oxide may

represent about one-sixth of

the global warming effect that

results from gasoline use.

been written.

By Matthew L. Wald New York Times Service

smog from cars, has now be- of greenhouse gases to 5 percome a significant and growing cause of global warming. according to the Environmental Protection Agency.

Hailed as a miracle by De-

But researchers have sus- growing production of nipected for years that the converters sometimes rearrange son to move away from gasthe nitrogen-oxygen com- oline-powered cars. pounds to form nitrous exide, known as laughing gas. And nitrous oxide is a potent greenhouse gas, more than 300 times more potent than carbon dioxide, the most common of the gases that warm the atmosphere, ac-

This spring, the environnure from farm animals.)

The study also showed that nirrous oxide is one of a few gases for which emissions are increasing rapidly. Collecincreasing rapidly. Collectively known as greenhouse gases, they trap heat in the Earth's atmosphere.

Wylie Barbour, an Environmental Protection Agency official who worked on the recently published inventory, said that the problem created by the converter is classic. You've got people trying to solve one problem, and, as is not uncommon, they've cre-

ated another." Nitrous oxide, or N2O, is global warming. And no reg-

WASHINGTON — The catalytic converter, an invention that has sharply reduced

troit automakers even today, catalytic converters have been reducing smog for 20 years. The converters break this point, and is seeking pubdown compounds of nitrogen and oxygen from car exhaust. Auto industry experts say that can combine with hydro- they could solve the problem carbons, also from cars, and by tinkering with the catalytic be cooked by sunlight into converter, but some environ-

cording to experts.

ment agency published a study estimating that nitrous oxide now comprises about 7.2 percent of the gases that cause global warming. Cars and trucks, most fitted with catalytic converters, produce nearly half of that nitrous oxide, the study said. (Other sources of nitrous oxide include everything from nitrogen-based fertilizer to ma-

The increase in nitrous oxide, the study notes, stems from the growth in the number of miles traveled by cars that have catalytic converters. And the problem has worsened as improvements in catalytic converters have conversely produced more ni-

not regulated because the Clean Air Act was written in 1970 to control smog, not ulations exist to control gases

POLITICAL NOTES

California Media Blitz

LOS ANGELES - In the final days of the California governor's race, the airwaves bers, spouses and staff. But the hotels will of the state's major media markets are being saturated with a barrage of political advertisements — hundreds a day, thousands

Jones" and "Jerry Springer" in between points but his or her "gross rating points." the television industry's shorthand accounting of an ad's likely market "penetration."

The one Republican and three Demo-

cratic candidates are buying an astounding ingston wrote, requesting Pentagon assistance (say, a plane), "is to review and inspect

office in the June 2 primary, is selling himself on 217 spots a day across the state. The tocol," he said, but they must pay their own millionaire businessman is running some 60 .costs. spots a day in Los Angeles alone, the most expensive and largest media market outside of New York, which could cost Mr. Checchi, who is financing his campaign with his own money, an estimated \$240,000. (WP)

A Junket With Panache

dars. Rooms have been tentatively reserved you feel.'

this summer at two fine hotels in Paris the Scribe and the Intercontinental, not the best but, hey, it's World Cup time — for House Appropriations Committee memonly hold the rooms until Tuesday without some guaranteed payment.

No visit to Bosnia or sweltering African a week — that is breaking all records for refugee camps, this is a civilized jaunt, June money spent and time bought.

refugee camps, this is a civilized jaunt, June 30 to July 11, to Belgium, England, France, money spent and time bought.

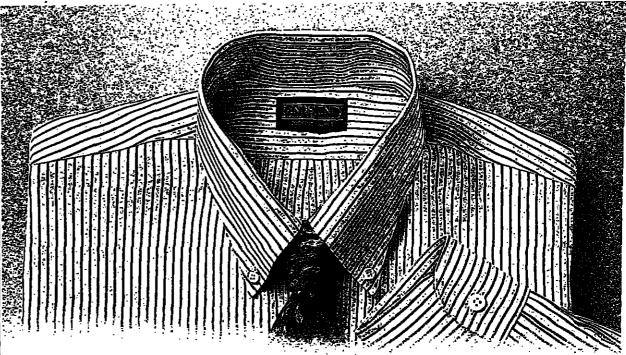
From "Good Morning, America" to the "Late Late Show" — and every "Jenny to Defense Secretary William Cohen, Bob Livingston, the committee's chairman, said what matters is less a candidate's talking he had authorized Jerry Lewis, who heads the subcommittee on veterans affairs, housing and urban development and independent agencies, to lead the delegation.

'The purpose of this trip," Mr. Livmedia markets — or 3,690 ads a week.

Al Checchi, in his first run for a public and economic development programs. defense, space, battle monuments, housing Spouses are invited "for reasons of pro-

Quote/Unquote

Hillary Rodham Clinton, at a children's town hall meeting on race broadcast by Radio Disney: "I want you to feel good about yourself, and don't let anybody else's opinion of you, which is based on a very WASHINGTON - Check your calen- false idea about who you are, affect how



Why your next dress shirt should come all the way from a little town in America.

Maybe you've heard of us already, maybe not. We're Lands' End Direct Merchants, And if the term

"Direct Merchants" is unfamiliar. it simply means that we do our business directly - by catalog. Like the merchants of old, we

shop the world over, searching for the best fabrics, the finest clothing makers. Then, we bring our discoveries home to rural Wisconsin - in America's heartland - where we give everything a good, final inspection before shipping it out to customers like you.

The payoff is in our pages. Flip through our catalog, and you'll see that shopping our way has all sorts of advantages starting with the products.

Take our Pinpoint Dress Shirt, for example. It has features that are tough to find anywhere especially, at our price. The fabric is silky and smooth. the result of a

tight weave and what shirtmakers call "80s 2-ply varns.7 Our shirtmakers tailor in such classic, Old World features as a genuine split-back

yoke and a roomy, full box pleat in back. Even the buttons are a cut above - they're classified as "super durable." (Only 62 buttons in the world are.) How can we offer such a shirt.

so reasonably? It gets back to the way we sell - directly. We have no fancy stores to keep up, no middlemen taking a cut. Nothing to artificially inflate our prices. Ocean? What ocean?

Of course, none of this would matter if shopping with us were troublesome. Fortunately, it's

anything but. In fact, we think you'll find it's a pleasure doing business with us — even across any ocean. Our catalogs give you detailed, factual descriptions of our cloth-

about something? Talk to our

ing. You know what you'll get, before you get it. Have questions

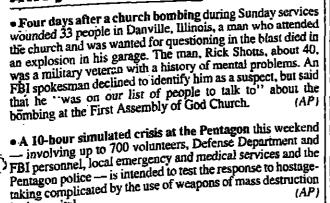
friendly operators. They're here 24 hours a day, waiting to help you. As an international customer, you even have a choice of three kinds of shipping. So you can choose just the combination of

speed and cost that's right for you. You don't have to worry about ordering the wrong thing, either. Simply return it, any time for any reason, for a full refund. It's unconditionally guaranteed.

Sound interesting? Well, we'd be happy to send you a copy of our catalog. It's free and it's really the best way to get to know us.



Here are four ways to receive your FREE Lands' End catalog: ■ Fax this coupon: 1-608-935-4000 ■ Call us: 1-608-935-6170. Please mention ad 🚾 ■ Mail this coupon to: 1 Lands End Lane, Dodgeville, WI 53595 U.S.A. ■ www.landsend.com/intl/529 Post Code, Phone/Fax ()_



• A prison board in Frontera, California, denied parole for a 12th time to Leslie Van Houten, 49, the convicted murderer and a follower of Charles Manson, despite of her clean disciplinary record during 28 years of a life sentence for the 1969 slayings by Mr. Manson and his disciples.

• Domestic cases of gonorrhea have shown increased resistance to flouoroquinolones, a class of antibiotics that are among the last drugs that can still cure the sexually transmitted disease, but that have also lost some effectiveness in Hong Kong. Japan and the Philippines, the federal Centers for Disease Control and Prevention said.

(Reuters)

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U.S. to Press Nigeria for Democratic Reforms

By Thomas W. Lippman

WASHINGTON - A high-level U.S. delegation is planning to go to Nigeria next month to appeal to the country's military ruler, General Sani Abacha, to institute democratic reforms, in a shift to a more direct approach by the Clinton administration to one of its most intractable foreign policy problems.

The administration has kept General

Abacha at arm's length since he seized power in 1993. But rising tensions in Nigeria, attributed by U.S. officials to General Abacha's rigging of an August election in which he is the only candidate, the imprisonment of political opponents and a sagging economy have stirred fears in Washington of an "implosion" that could lead to widespread violence and perhaps engulf neighboring countries, a senior official said.

Persuading General Abacha to change course is "a long shot," one official said, "but we all agree that we don't want to see a deteriorating situation. Even if General Abacha rebuffs the U.S. team, as seems likely, the administration has no plans to sever diplomatic relations with Nigeria, despite appeals from some human rights and Africa watchdog groups to turn up the heat, senior officials said.

The U.S. team is to be led by Undersecretary of State Thomas Pickering. a former ambassador to Nigeria, and will include a four-star air force general in an effort to boost the delegation's credibility with the military government, of-

Nigeria under General Abacha has long been regarded by the Clinton administration as having one of the world's most reprehensible governments. Nigeria is under several forms of U.S. sanctions because of its record of human rights abuses, political repression and tolerance of narcotics trafficking.

Despite Nigeria's prominence as Africa's most populous country and a major U.S. oil supplier, President Bill Clinton, Secretary of State Madeleine Albright and former secretary of state Warren Christopher all conspicuously bypassed it on their high-profile trips to the continent.

The Pickering delegation's visit would be the highest-level U.S. contact with Nigeria in several years, but senior officials insisted that the mission does not represent any softening of the administration's position. On the contrary, they said, the purpose of the mission is to tell General Abacha that his political program is unacceptable to Washington and that he faces further ostracism if he persists.

ministration is preparing to accept Gen- chose Mr. Goldwater. eral Abacha's rule as a fact of life and reconcile itself to doing business with the regime. Administration officials acknowledged that the suspicion was fueled by Mr. Clinton, when he inadvertently suggested during his trip to Africa in April that General Abacha might be acceptable to the United States if elected as a civilian.

Just over a week ago, the Reverend Wyatt Tee Walker, president of the American Committee on Africa, said on behalf of a coalition of black American groups that "there is growing evidence that the White House is tilting toward an accommodation with the dictatorship, an accommodation that is a betrayal of the Nigerian people and an abandonment of principle in U.S. policy toward Africa."

He was joined in calling for an embargo on Nigerian oil by Kweisi Mfume, president of the National Association for the Advancement of Colored People, Representative Maxine Waters, Democrat of California and chairwoman of the Congressional Black Caucus, Randall Robinson, head of the activist group grams was no way to solve social prob-TransAfrica, and several other prominent black leaders.

At the same time the chairman of the tee, Benjamin Gilman, Republican of New York, and Representative Donald Payne, Democrat of New Jersey, a former Black Caucus chairman, introduced legislation calling for additional sanctions on Nigeria and for the United States to offer aid to democratic op-position groups. Their purpose, Mr. Gilman said in a statement, was to send a "clear message" to General Abacha that his promised transition to democracy, currently designed to ensure his continuation in power, "is a farce and is unacceptable,

The Clinton administration has struggled for months to develop a cohesive policy toward Nigeria as some officials argued for a less confrontational approach while others advocated a

Continued from Page 1

popular rock band in Argentina calls it-self "The Paranoid Rats," while another is known as "The Crazy Old Ladies."

part of the Palermo district, has so many

psychologists as residents that it has come

to be known as Villa Freud. The neigh-

borhood is graced by a popular restaurant

that goes by the name Bar Sigi and serves

a concoction of cognac and vanilla named

therapists as openly as they discuss go-

ing to the butcher, and expensive therapy is as much a part of middle-class life as a

del Plata or a season opera ticket at the

Argentines talk about going to their

after the father of psychoanalysis.

One neighborhood in Buenos Aires, a

Estrada Officially Declared President of the Philippines



The president of the Philippines Senate, Neptali Gonzales, left, and the House speaker, Jose De Venecia, right, flanking Joseph Estrada, who was proclaimed the country's president during a joint session of Congress in Quezon City on Friday.

French Vote on 1915 'Genocide' Infuriates Turkey

PARIS — Drawing an angry response from Turkey, French lawmakers unanimously passed a motion Friday stating that Paris "publicly recognizes the Ar-

menian genocide of 1915. The National Assembly motion now goes before the Senate. If passed, France would become the first major European country to use the term "genocide" to describe the deaths of about 1.5 million Armenians in Ottoman Turkey between 1915 and 1923.

Turkey denies that the deaths conresult of a civil war, and strongly criticized the passing of the motion.

Minister Ismail Cem said. "Therefore, we are asking the French government to increase security at Turkish diplomatic

Mr. Cem, attending a NATO meeting in Luxembourg, was referring to the key warned his French counterpart, Likilling of 34 Turkish diplomats and famonel Jospin, in a letter Thursday that ily members by Armenian militants dur-ing the 1970s and early 1980s. Five were killed in France, in attacks that included a 1983 bombing at Orly Airport near Paris that left eight people dead and 54 rounded.

This decision is also a move aimed stituted genocide, insisting they were the at destroying ties between Turkey and France," Mr. Cem said.

President Suleyman Demirel said the "Terrorist acts against Turkish dip-lomats in France will escalate," Foreign than mispresenting the historical facts."

"I invite the French Senate to use its common sense and correct this wrong decision," the Turkish president said in Prime Minister Mesut Yilmaz of Tur-

onel Jospin, in a letter Thursday that passage of the motion would antagonize Turks. "Turks are extremely sensitive to the

use of the word 'genocide,' used to define the sad events that took place during World War L" he wrote. feel they are being unjustly accused of a crime they have not committed."

The short motion approved by the National Assembly states simply: "France publicly recognizes the Armenian genocide of 1915."

PAKISTAN: Controls on Funds Faulted

Continued from Page 1

Meanwhile, many here continued to celebrate their country's technological prowess and defiance of the West and particularly the United States, which led the unsuccessful effort to dissuade Pakistan from exploding a nuclear device and now is marshaling efforts to impose economic sanctions on this impoverished country of 135 million people.

We should bow our heads in humility to Allah for having bestowed us with the wisdom and courage to fight Tagoot," or "evil forces," said The Muslim, a leading conservative daily in the capital. It congratulated the military. which runs the country's nuclear program, which "defied the high priests of the New World Order and secured sovereign deterrence for Pakistan."

But the achievement came at a price that few in Pakistan expected to pay, though government officials and most people interviewed on the street said they were willing to make huge sac-

to explode a bomb to protect your country, and you have to pay a price for it, it doesn't matter," said an executive at the

Islamabad branch of a Japanese bank. Money exchange houses, banks and the Karachi Stock Exchange, which has lost almost a third of its value since India's first test May 11, were closed Friday. Panicked depositors stormed several bank branches after rumors, later denied by the government, that safety deposit boxes were to be seized.

The first priority that we have is to safeguard the country's foreign exchange reserves," Finance Minister Sartaj Aziz said, "because we need every dollar to meet our country's defense requirements.

As a result, he said, Pakistan "very reluctantly" was freezing foreign currency accounts, with few exceptions, such as essential travel and the accounts of foreign embassies. The accounts of all others - foreign or national, business or individual - will have to be withdrawn at the government rate. Before the new controls, the dollar was trading at 45.80 rupee in an unregulated "free float."

. In addition to foreign companies that often want access to their own currencies, millions of Pakistanis traditionally keep accounts in dollars here to hedge against inflation and possible devaluations. About \$6.9 billion of the frozen accounts is owned by Pakistanis, Mr. Aziz said,

while \$2 billion belongs to foreigners.

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Israe Feat - I'r

The main concern among account holders is that, if Pakistan defaults on its loans, it could lead to a devaluation and other turmoil that might prolong the new controls and prevent them from re-moving their money from the country.

Furthermore, as the government grapples with the financial problems and international investors lose confidence, the real value of the rupee could slide, and people would be tied to the government-set rate. Black market exchangers in Karachi were paying 52 rupees for \$1 on Friday, and not one was selling dollars.

Mr. Aziz asked Pakistanis to support the government's economic moves the way they had backed its decision to test its nuclear bombs, urging them not to trade money on the black market and encouraging them to withdraw foreign exchange from domestic banks in rupees and invest it in tax-free defense bonds.

COLD WAR: rifices to guarantee their security. "Being a patriotic citizen, if you have Specter Haunts India

Continued from Page 1

K. Subrahmanyam, an Indian columnist who specializes in international relations, last week remarked that, "Americans think what happened in the United States and Europe will happen here, and it won't."
Even before Pakistan's tests, two

American specialists on South Asian security issues had suggested that government leaders who believe in India's exceptionalism were mistaken in this instance. "They say they won't go through the same Cold War, but they are human and they've made strategic mistakes in the past," said Stephen Cohen of the University of Illinois. "They are no worse than us, but no better, and the

stakes are very high.' Scott Sagan, a political scientist at Stanford University, said: "They are taking only the positive aspects of the past experience and saying they'll copy that, and they're assuming they'll avoid the negative aspects. There's no reason only the good news of the past will repeat itself."

But supporters of nuclear arms in both India and Pakistan have tended to read the history of the first Cold War as if the eventual outcome, no nuclear conflagration between the United States and the former Soviet Union, was entirely predictable. As a result, nuclear weapons have been widely seen as certain to again be peacekeepers, this time on a tense subcontinent where communal passions have been known periodically to race out of control.

"It keeps peace." Bharat Karnad, an Indian analyst, said on a recent television talk show.

Before Thursday, Indian officials had at times appeared to underestimate the risks of unintentional nuclear conflict, a scenario that prompted both the United States and the former Soviet Union to install elaborate systems of command and control over their nuclear arsenals.

Jaswant Singh, a member of a task force drafting plans for a national se-curity council that is to develop India's nuclear doctrine, last week dismissed a foreign reporter's questions about a specialized command and control structure,

as "a matter of detail." Kenneth J. Cooper reported from New Delhi and John Ward Anderson from

DIPLOMACY: Carrot, Not Stick

Continued from Page 1

The United States, which has taken a firm line against the testing by imposing strong economic sanctions against both countries, also strongly opposes any weakening of the Nuclear Nonproliferation Treaty, which India and Pakistan have refused to sign.

But Mr. Chirac confirmed that he and other European leaders feel sanctions alone would make India and Pakistan more desperate and more determined to

pursue their nuclear policies. While voicing a strong desire to work closely with the United States, the French president did not hide his disapproval of the U.S. sanctions.

'The main effect of such sanctions in these circumstances is to make the weak suffer even more," Mr. Chirac said. We can see that the tests occurred and In his personal and political memoirs, therefore the threat of sanctions did not understanding way, even as we make it clear that we disapprove of what they have done."

He specifically proposed that the con-ference make it clear to India and Pakistan that they would get help with significant peaceful nuclear electricity programs if they gave up testing and the processing of weapons-grade nuclear ma-terial themselves. France is a major ex-

porter of nuclear generating technology. 'We are also threatened by the pollution bomb if these and other countries in Asia do not switch to clean energy sources, a principal issue of the Kyoto conference on global warming last December, Mr. Chirac noted. Sanctions will make it more difficult for India and Pakistan to do so.

Asked if a conference should also extend security guarantees to the two states. Mr. Chirac responded that he favored such guarantees "in one form or another," another, specifying that China and Russia should be involved in the dis-

cussions on that subject.
India has already indicated that it will not attend any conference that discusses new punitive action against it and may demand the suspension of sanctions as the price for participating, diplomats say.

Mrs. Albright is reported to have taken the lead in Luxembourg in discussing a new search for ways out of the dead end produced by the tests and the mandatory imposition of U.S. sanctions.

But diplomatic sources said that the United States was taking a much tougher line than are European countries against giving India and Pakistan any recognition as nuclear states, even in de facto terms, within the provisions of the Nonproliferation Treaty.



GOLDWATER: Conservative Dies at 89

Continued from Page 1

the nation's most respected exponents of conservatism, which he sometimes defined as holding on to that which was tested and true and opposing change simply for the sake of change.

His friends said he was often misunderstood, but his reputation for personal integrity was unblemished.

At the height of the Watergate crisis,

in the Oval Office on Aug. 7, 1974, that the Republicans in Congress were un-right. office. Mr. Nixon resigned the next reach up and eat," he once said.

A stickler for the Constitution, Mr. Goldwater refused to join the Republicans of the New Right during the 1980s when they began to press for legislation that would limit the authority of the federal courts to curb prayer in public schools or order busing for school in-

He was a staunch opponent of busing and he backed prayer in schools, Mr. Goldwater said, but he thought it a dan-president never fully forgave him. gerous breach of the separation of powers for Congress to be telling the

courts what to do. a strong military posture, a deep mistrust of the Soviet Union and a conviction that increasing the scope of government pro-

In all, he served 30 years in the Senate, but he was out of office for four years House International Relations Commit- after he lost his bid for the presidency and in political limbo for almost a de-

cade after that defeat. He came back during the Watergate crisis of the early 1970s. Then the bluntness and the candor that had so often damaged Mr. Goldwater's presidential campaign and his outspoken criticism of President Nixon's failure to deal with the earlier civil-rights legislation. growing Watergate scandal were among the vital ingredients of his political

The president, he asserted, had shown "a tendency to dibble and dabble and argue on very nebulous grounds like executive privilege and confidentiality when all the American people wanted to know was the truth."

A quintessential Westerner and a man of great personal charm, Mr. Goldwater

goes beyond the middle class. There are

inexpensive psychology clinics in virtually every neighborhood of Buenos

Aires, social security covers mental

health problems, and elementary schools

typically send young children with read-

ing problems to psychologists as a first course of remedial education.

Argentines who seek psychotherapy

typically say that their country is fraught

high incidence of anorexia among Ar-

gentines, and Buenos Aires drivers are

National obsessions include fitness.

plastic surgery and stylish dressing. But

leading psychologists here say there is

neurotic than other people, and Argen-

tine alcoholism and crime rates are low

summer weekend on the beaches of Mar no evidence that Argentines are more

But Argentine interest in psychology by Latin American standards.

with neurosis. They note that there is a

such devices as the electronically operated flagpole at his Arizona home that was rigged to raise the flag at the precise moment it was struck by the rays of the morning sun.

He was an enthusiastic harn-radio operator, pilot and photographer, who loved to take pictures of the people and landscapes of the American West.

He championed a brand of rugged individualism, and he never hesitated to There has been some suspicion on when the Republicans in Congress speak his mind. He could be both col-Capitol Hill and among prominent needed someone to tell President Rich-American blacks that the Clinton adard Nixon that he should resign, they things he later wished he hadn't. when the Republicans in Congress speak his mind. He could be both col-

Barry, you speak too quick and too Instead of telling the president what to do, Mr. Goldwater simply informed him hower once told him, and Mr. Goldwater acknowledged that Mr. Eisenhower was

willing and unable to stop his impeachment and conviction should he remain in around in the air that I would like to "There are words of mine floating

For example, asked by the columnist Stewart Alsop in 1963 what it might feel like to wake up as president some day, Mr. Goldwater remarked, "Frankly, it scares the hell out of me.* When members of his own party ad-

vocated policies that he considered too much like those of the Democrats, he ridiculed them for "me tooism." Once he called the Eisenhower administration "a dime store New Deal," and the former In 1961 he said at a news conference

that "sometimes I think this country would be better off if we could just saw His political philosophy also included off the Eastern Seaboard and let it float to haunt him for years, as did remarks about making Social Security voluntary and selling the Tennessee Valley Authority.

To many, Mr. Goldwater was a man of contradictions.

He ended racial segregation in his family department stores and was instrumental in ending it in Phoenix schools and restaurants and in the Arizona National Guard. But he also voted against the 1964 Civil Rights Act, contending that it was unconstitutional, and he backed restrictive amendments to

Blacks voted overwhelmingly against him in 1964. Mr. Goldwater's relations with the press were never smooth. He often com-

was an incurable gadgeteer who loved voted against himself in 1964 if he be- al Convention in San Francisco, told Mr.

ogist. "There are only theories.

among the most aggressive in the world. slump characterized by political in-

long suffered a crisis of expectations.

period of economic expansion between

1880 and 1930, followed by a 60-year

stability, recession and hyperinflation.
"Until very recently," he added.
"people would say, I work hard but I

can't own a home. I study hard but I

have a limited future.' So many years

negativity, a world view of

asked them to "write what he means, not



out to sea," and the comment came back Barry Goldwater campaigning for the presidency in Indianapolis in 1964.

lieved everything that had been written or said on radio and television about him. In May 1963, he caused an inter-

national uproar when he suggested on a television program that "defoliation of the forests by low-yield atomic weapons could well be done" to expose the supply routes for the flow of arms from North Vietnam to the Viet Cong guerrillas in the south.

He and his supporters argued strenuously that he had never suggested that atomic weapons actually be used, but the remark only provided fuel for his critics, who contended the next year that electing Mr. Goldwater president could only increase the likelihood of a nuclear dis-

plained that what he said was misin- In the Republican primaries, Gov- trigger-happy warmonger, a nuclear terpreted or distorted or both. During his ernor Nelson Rockefeller of New York madman and the candidate who couldn't presidential campaign, reporters some-times complained that Goldwater aides tions about what he called Mr. Goldwater's "extremism."

what he says."

Governor William Scranton of Mr. Goldwater said he would have Pennsylvania, at the Republican Nation-

ARGENTINA: A Country With a Passion for Psychology Tries to Figure Itself Out things being a disaster in Argentina." In the 1970s, the rightist military junta There is still no systematic soci-

ological or anthropological study that explains why there is such an interest in singled out psychology as a national psychology here," said Modesto Alonso, a leading Argentine psycholproblem, blaming psychologists and psychoanalysts for the country's negativity and navel-gazing. Several prom-Felipe Noguera, a political analyst and polister, speculated that "Argentina inent psychologists disappeared.

Argentina first became a world-class is a very frustrated society because it has That crisis, he said, is rooted in a long

center for psychotherapy in the 1940s. when a wave of European immigrants included several prominent Jewish psychoanalysis from Germany and Austria. Today a large proportion of the country's psychotherapists and patients are Jews, whose population of 250,000 is one of the largest in the world outside Israel and the United States.

But the large number of Jews and Argentina's interest in all European intelof frustration created an archetype lectual fashions do not explain the longstanding national interest in psychology. . it again." he said at the time.

Goldwater in a letter that "you have too often casually prescribed nuclear war as a solution to a troubled world." President Lyndon Johnson, who defeated Mr. Goldwater in 1964, assailed him in a similar vein. "With No Apologies," published in . work. We have to talk together, and then 1979, Mr. Goldwater observed that his talk to India and Pakistan, in a more run for the presidency "was like trying to stand up in a hammock."

He said he knew that his chances of winning were slim and contended that his fellow Republicans cost him any chances he might have had during the battle for the Republican nomination. "By the time the convention opened I

had been branded as a fascist, a racist, a win," Mr. Goldwater recalled. That convention was long remembered for the spectacle of Goldwater partisans all but drowning out Mr. Rockefeller with a chorus of boos and

from the speakers' platform. It was also long remembered for Mr. Goldwater's acceptance speech in which he declared that "extremism in the defense of liberty is no vice, and moderation in the pursuit of justice is no virtue." Mr. Goldwater would later explain that the phrase was borrowed from the

boots when he addressed the delegates

Roman statesman Cicero. But like his comment on defoliation in Vietnam, it caused an immediate uproar and Mr. Goldwater had to explain him-

What he really meant, he said in a letter to Mr. Nixon, who asked him for a clarification, was that "wholehearted devotion to liberty is unassailable and that halfhearted devotion to justice in indefensible.

Mr. Goldwater declined to run for a sixth term in the Senate in the fall of 1986, and he retired from politics as chairman of the Armed Services Committee and the Intelligence Committee.

"If I had a chance to do it again, I'd do

COLD WAR

The state of the s

stinued from Patel

Asia's Nuclear Breakout: Opening Up a Perilous Route to 'Prestige'

By Steve Coll Washington Post Service

Reykjavik, Iceland, when Ronald Rethe public by musing our loud about abolishing nuclear weapons, the world's

security has been shaped by a seemingly inexorable trend: the decline of nuclear arms as legitimate instruments of military and strategic power. Now, under the deserts of a subcon-

tinent far from Western capitals and even farther from Western understanding, the prospect of nuclear war has returned to the

By R. Jeffrey Smith

WASHINGTON - Pakistan's claim

to have tested five nuclear weapons was

greeted with skepticism among military

and intelligence analysts in Washing-

ton, who said they had detected a single,

relatively weak seismic signal eman-

ating from Pakistan's test site and had

reason to expect that additional

Pakistani nuclear blasts would occur

there in coming days. Unlike India, which succeeded in

hiding its preparations for an under-

ground nuclear test on May 11, Pakistan

had made no attempt to hide its ac-

tivities at the Chagai Hills site in the

country's southwest, including its burial

of several nuclear devices and its cap-

ping of the holes with concrete plugs

JERUSALEM -- Official here said

Friday that Israel, the only Middle East-

ern nuclear power, fears that Pakistan's

nuclear tests could lead to proliferation in

the region and put the bomb in the hands

But Israeli officials stressed that Is-

rael was not directly threatened by

Pakistan's tests and would not alter its

long-standing nuclear doctrine.
"Above all," said David Bar-Illan,

spokesman for Prime Minister Ben-

jamin Netanyahu, "we are worried that

Pakistan's tests will encourage Tehran

and Baghdad to acquire nuclear weapons."
"Israel sees no reason to change its.

position, and we reaffirm that we will

not be the first nation to introduce nu-

clear weapons into the region," Mr.

'potential' to develop nuclear arms.

the Pakistani test site, a Foreign Min-istry spokesman said, "The current nu-

clear arms race is a serious danger."

But he did not deny that Israel had a

In Iran, whose eastern border is near

"This is a race that has been caused

by the weakness of the five nuclear

powers' political will," he added, "be-

cause they have failed to agree to the

international community's wish for

policy of never confirming reports by

Israel has traditionally maintained a

complete nuclear disarmament."

Bar-Illan said.

of its worst enemies, Iran and Iraq.

known to nuclear experts as "stems,"

hauntingly the most irrational phases of the West's "Dr. Strangelove" period,

WASHINGTON - Since the mo- clear breakout stems mainly from the ment at the 1986 summit meeting in recent rise to power in India of a sometimes virulent Hindu nationalist moveagan and Mikhail Gorbachev shocked ment whose hard-line elements seek nothing less than to reinvent modern India. Cold War in halting the spread of nuclear muclear weapons can be viewed as a breaking sharply from its 50-year ex-

periment with constitutional secularism. defying the world by acquiring nuclear that's difficult — we can expect other regime begins to unravel because of a weapons and starting an arms race with states to follow suit over time," said Pakistan is but a means to these longsought domestic ends.

But what unfolds in the weeks and prospect of nuclear war has returned to the global stage, as Indian and Pakistani leaders test nuclear bombs amid the global has implications that extension of the global Nuclear clear proliferation that we narrowly avoided back in the 1960s." ers test nuclear bombs armid aggressive, global leaders struggle to hold on to the indicate, especially the indian tests, Mr.

the officials said. "There was no de-

said a Defense Department spokesman,

"We knew very much what they

Warnings by intelligence agencies

that a test was imminent were con-

sidered credible enough to prompt an

intense but unsuccessful effort by Pres-

ident Bill Clinton and other senior U.S.

officials to dissuade the Pakistani gov-

telligence agencies had not acquired any evidence Thursday that Pakistan had

actually conducted as many as five nu-

lysts doubted the credibility of the as-

sertion by Prime Minister Nawaz Sharif

international experts that it possesses an arsenal of 100 to 200 nuclear warheads

that could be mounted on its long-range

ballistic missiles. It has clearly hinted at

using such weapons if Iraq or other Arab

countries attacked Israel with chemical

rael," Deputy Defense Minister Silvan

Shalom told Israeli military radio. "The

fact that it has gone ahead with tests

does not pose an immediate danger for

But Gerald Steinberg of Bar Ilan Uni-

"The danger is that the nonprolif-

versity in Tel Aviv said Israel should be

concerned about long-term repercus-

eration system is falling apart." he said.

"The Americans' failure to stop nuclear

tests in the Indian Subcontinent could

Former Prime Minister Shimon

Peres, the architect of Israel's nuclear

program, said the dangers of prolif-

eration showed the need to accelerate

take if he thinks that time is on Israel's

side," he said. "More and more armies

with nonconventional capabilities are

never signed the Nuclear Nonprolifer-

Israel, like India and Pakistan, has

being formed in the region.

Netanyahu is making a grave mis-

the peace process in the Middle East.

Pakistan has never threatened Is-

or biological weapons.

These officials said that many ana-

But other U.S. officials said that in-

ception on the part of the Pakistanis,

Kenneth Bacon.

clear explosions.

Israel Fears Proliferation

After Pakistan, Can Iran and Iraq Get the Bomb?

were up to," he said.

ernment from proceeding.

'If these actions by India and Pakistan are not reversed — and I know that's difficult — we can expect other states to follow suit over time.'

weaponry worldwide.

"If these actions by India and For the extremists in this movement. Pakistan are not reversed — and I know Thomas Graham Jr., the longtime U.S. arms-control negotiator who led the successful U.S. effort in 1995 to win insometimes apocalyptic rhetoric that echoes progress that has been made since the Graham said, "is that the acquisition of course, is not to the rest of the world, but analysts.

Instead of five, "it appears at least

two" bombs were tested, said one U.S.

intelligence official, who stressed that

the existence of a single seismic signal

from the test site means the devices

must have been detonated at the same

simultaneous detonation involving two

weapons would be conducted, it would

be technically challenging and highly

unusual to conduct five such simul-

taneous blasts, several other officials

Other officials said Washington be-

Because the holes have been plugged

lieved that at least two of the bombs

deposited in holes by Pakistani nuclear

by concrete stems, retrieval of the

bombs would be difficult and their

eventual detonation is virtually certain,

ficials estimated the cumulative force of

the Pakistani blast or blasts at from 2

kilotons to 12 kilotons, and most likely 6

kilotons, or roughly equivalent to 6,000

tons of TNT.

But the officials said this was less than what U.S. intelligence experts

had estimated as the likely yield of

even one of the principal bombs in

Pakistan's arsenal, raising questions

about whether the device or devices

exploded by Pakistan had performed as

exaggerated its accomplishment in an effort to match the assertions by India's

leaders that they had successfully ex-

ploded a total of five devices on May 11

substantiate in its entirety the Indian

claim, having failed to pick up radio-

active emissions from any of the

really telling the truth about what they did," a U.S. official said. The official

noted that hyperbole was a routine fea-

ture of Indian and Pakistani assertions

about the threat each poses to the oth-

was regarded by some experts as un-

"Either it was not really a thermo-

nuclear weapon, or it was a thermo-

nuclear weapon that did not go off

tests were not fully successful."

Washington still has no evidence to

'We don't believe either nation is

They said that Pakistan might have

expected.

and May 13.

official said.

Based on preliminary data, U.S. of-

scientists had not been detonated.

While it is not implausible that a

legitimate way to increase national prestige.

And if the existing nonproliferation nuclear arms race on the Subcontinent. Mr. Graham predicted, "It will mean that the world will begin to proceed down the path toward widespread nu-

The gravest immediate threat, of

to Indians and Pakistanis themselves. the governmental and popular levels, region that involves exchanges of artillery fire are all combining to make the emerging crisis extraordinarily danger-

Nor is there any indication that either side plans to pull back anytime soon. Pakistan has a medium-range Ghauri missile that has been flight-tested and can strike many major Indian cities. The Ghauris fly much farther than any missiles India could bring into the field in the near future, according to Western

India's options, should it decide to try Uncertainties on each side about the to deploy nuclear weapons rapidly. other's exact nuclear and missile ca- would be to try to fit them on its shortpabilities, deep mutual suspicion at both range Prithvi missile - which can barely clear the Indian border and would poor communications across the border pose risks to India's own population in and an active dispute in the Kashmir any nuclear exchange — or else to strap nuclear bombs onto jet aircraft and hope that at least one or two could penetrate Pakistan's patchy air defenses if a strike were ordered.

The Indians have announced that their own medium-range missile, the Agni, is ready for deployment, but many Westem analysts believe that assertion to be a bluff, estimating that the Agni is at least a year or two away from deployment.

'I'm afraid the Indians are going to say, 'We're going to match you in kind, and then some,' 'said Sumit Ganguly, a specialist in South Asian military issues and author of a recent book on the Kashmir dispute. Mr. Ganguly said he feared that the Pakistanis were near "a point of no return" on testing and deployment. Particularly with the current government in New Delhi, he said, the Pakistanis are not going to let up."

The most dangerous flash point, as it so often has been during previous conflicts between India and Pakistan including two of the three wars they have fought since 1947 — is Jammu and Kashmir, an idyllic mountain province of India that was once a magnet for tourists but is now a cauldron of re-bellion by Kashmiri Muslim militants seeking to break away from Indian

The eight-year-old Kashmir rebellion has helped draw both the Indian and Pakistani armies to the disputed region in force, where they routinely trade fire across an international demarcation line and accuse each other of egregious provocations.

Over the last few days, this dangerous situation has been exacerbated by the saber-rattling declarations of L. K. Advani, the home minister in India's Hindu nationalist government. A week ago, Mr. Advani warned Pakistan that India's nuclear tests had "brought about a qualitatively new stage in Indo-Pakistan re-lations" and said that Pakistan should "roll back its anti-India policy, especially with regard to Kashmir.

Then, on Saturday, Mr. Advani was given charge of affairs in Jammu and Kashmir, a development that has alarmed Pakistani officials, not least because he and others in his party have been talking about authorizing military "hot pursuit" of Kashmiri rebels into

Pakistani-controlled territory.

Pakistan's own published military doctrine has long held that to prevail in a conventional conflict with India which has a great advantage in numbers of soldiers, tanks and aircraft -Pakistan would have to move quickly and boldly to strike deeply into Indian territory and try to force an early end to the conflict

5 Pakistani Blasts? U.S. Is Doubtful **Nuclear Nonproliferation?**

A chronology of nuclear tests since the Nonproliferation Treaty (NPT)

May 11 A UN conference publicly approves indefinite extension of the

May 15 China conducts an underground nuclear test just days after the successful extension of the NPT treaty.

June 13 France announces it will resume nuclear weapons testing in the

nuclear test in five months provokes worldwide condemnation.

international uproar.

at Fangataufa atol| five times as powerful as the first. The 16-nation South Pacific Forum suspends ties

explosion, equivalent to 60 kilotons of

Nov. 21 France's fourth test, equivalent to less than 40 kilotons of TNT, at

Dec. 27 Fifth nuclear test by the

Jan. 27 France conducts its sixth and most powerful test at Fangataufa, equivalent to 120 kilotons of TNT.

Source: Reuters

March 25 France, Britain and the U.S.

sign the South Pacific Nuclear Free Zone Treaty. April 13 Forty-three African states sign

treaty declaring Africa tree of nuclear weapons. June 8 China carries out nuclear

explosion at the Lop Nor test site in Xinjiang province.

Sept. 11 UN approves Comprehensive Test Ban Treaty (CTBT), which bans nuclear test explosions but not laboratory testing to refine nuclear weapons. India rejects the treaty as flawed, and Pakistan also refuses to

July 2 U.S. begins a round of controversial nuclear tests in the Nevada desert.

Sept. 18 Second underground explosive test on radioactive plutonium by the U.S.

Feb. 28 French Senate votes unanimously to ratify the Comprehensive Test Ban Treaty.

March 19 U.S. announces it will begin a series of underground explosive tests on radioactive plutonium. May 11 India conducts three underground

nuclear tests in Rajasthan, close to the border with Pakistan.

May 13 India conducts two more tests.

May 28 Pakistan says it conducts fivenuclear tests in response to the same number by India.

was made permanent in 1995.

178-member NPT agreement.

South Pacific.

Aug. 17 China's second underground

Sept. 5 France conducts underground nuclear test on Mururoa Atoli, causing

Oct. 1 France conducts a second test

Oct. 27 France sets off a third nuclear

Mururoa.

Jan. 29 President Chirac announces an end to French nuclear tests.

UN 'Deplores' Pakistani Tests

UNITED NATIONS, New York - The Security Council on Friday strongly deplored Pakistan's underground nuclear tests, carried out two weeks after India conducted a similar series of blasts, and urged both countries to refrain from further testing.

The council had planned to issue its statement Thursday.

The council appealed to both India and Pakistan to sign the

Nonproliferation Treaty and the Comprehensive Test Ban

In particular, the official said, India's claim to have detonated a thermonuclear device, or hydrogen bomb,

In a statement, the council said "that testing by India and then by Pakistan is contrary to the de facto moratorium on the testing of nuclear weapons or other nuclear explosive devices, and to global efforts toward nuclear nonproliferation and nuclear disarmament.

but the Chinese delegation had asked for more time to obtain instructions from Beijing. China is an ally of Pakistan.

because of some error, another U.S. "The general view is that the Indian

ation Treaty.

weapons."

India Heat Wave Toll Rises to 500

BRIEFLY

NEW DELHI - Doctors warned Indians on Friday to stay out of the sun as eastern India baked under record temperatures.

Nationwide, the death toll rose to nearly 500 people, a news 11 1980's Geen agency reported. Hot, dry winds swept New Delhi. Its streets and play- 15 During grounds were empty, even though children were on school 19 Verdi's Aida,

New Delhi recorded its hottest May day in 54 years 20 Dazzle
Thursday — 115 degrees Fahrenheit (47 degrees centigrade). Temperatures have been at least 114 degrees the last several days, and hospitals have reported an increase in the number of patients suffering from heat exhaustion and the number of patients suffering from heat exhaustion and 23 Movie kvetch in

Taipei Protests Chinese Arrests

TAIPE! — Taiwan officials warned Friday that China's arrest of four Taiwan merchants on espionage charges could 28 "There's Somethic Somethic China's arrest of four Taiwan merchants on espionage charges could 28 "There's Somethic China's arrest of four Taiwan officials warned Friday that China's arrest of four Taiwan officials warned Friday that China's arrest of four Taiwan officials warned Friday that China's arrest of four Taiwan officials warned Friday that China's arrest of four Taiwan officials warned Friday that China's arrest of four Taiwan merchants on espionage charges could be considered. erode local zeal for mainland investment and chill recently warming unofficial ties.

"The Chinese Communist authorities should respect human rights and handle the manter carefully," the Mainland 29 Newborn's Affairs Council spokesman, Sheu Ke-sheng, said. Affairs Council spokesman. Sheu Ke-sheng, said.

'Otherwise it will not only affect Taiwan businessmen's

'Otherwise it will not only affect Taiwan businessmen's

34 Madras wear

normal activities and hurt investment willingness, but also

35 Robert—

normal activities and the same and genuine interaction across 35 Robert—
influence normal exchanges and genuine interaction across
37 Kvetch's game the Taiwan strait," Mr. Sheu said.

The Taiwanese Defense Ministry flatly denied that the 40 Charges detainees had been employed by them. (Reuters) 42 Basis of the

Daniel Ortega Denies Sex Charges 45 Job ad letters

MANAGUA — Daniel Ortega Saavedra, the Sandinista

48 Pavarotti
possessive
leader and former Nicaraguan president, denied that he had
leader and former Nicaraguan president, denied that he had
what kvetches sexually abused his stepdaughter and moved to dismiss her criminal charges in legal documents filed by his attorney.

Zoilamerica Narvaez, 30, formally charged Mr. Ortega on 55 Steeping gadget ZOHamerica Plan vace, so, assault and continual abuse from 57 Prefix with light 126 Richard of Final 50 Low note Wednesday with rape, sexual assault and continual abuse from 57 Prefix with light 126 Richard of Final 50 Low note 1978 to 1998. In a separate civil action, she petitioned to annul

her 1986 adoption by Mr. Ortega. "I have never behaved lasciviously with Zoilamerica," (Reuters) 59 Prefix with Ortega said in the statement.

For the Record

Colombians vote for a new president Sunday after a lowkey campaign that has focused mainly on the need to reach a key campaign that has recused manny on the need to reach a the comics negotiated settlement to the country's deepening civil conflict.

68 Remember a Opinion polls show that the two leading candidates, a freemarket conservative, Andres Pastrana, and a populist, Horacio market conservative, raintees a usualization and a population to to will?

Serpa, of the governing Liberal Party are running in a virtual 72 Maj. Houlihan portrayer in dead heat. This means the race is likely to go to a second

74 Round trip? 75 Contradicts 79 No-waist

58 Rock's ---

sphere or system

61 Surfeited

65 ---- apple

will?

118 Film title 122 French

maker 62 Spot for a nosh

DOWN 1 Comparable to a fiddle 2 A deadly sin neighbors 4 Brink 5 Legal matter

8 Bugs 9 Subdued

85 Cloaks 14 Piedmont 87 Angry kvetching province 15 Actress Ba 91 Annihilation 92 They often don't speak to each other 17 Oft-broken 94 "-speak" 95 Tangent, e.g. 24 Indian 96 By --- (via) 98 Nickname for a kvetch maven? 29 Cousin of "Phooey!" 30 Like some

104 "The Thief of Bagdad" star, 1940 105 Football's Flash Herber 106 Primitive time 110 Small pipe 112 Reject

114 Triangle part 115 Susan Lucci's 117 Procter & Gamble soap 121 Kind of chub 43 Croquet site

124 Pronounce 128 "The Devil and

KVETCHES By Cathy Millhauser 10 Big initials at Indy 11 Occasion for a game plan?

13 Get back, as authority 16 Kiddie kvetches game? 18 ---- Arc, Ark.

32 Kind of meet 33 Train in a — Pes

(Popeye's kid) 36 Ancient Roman officials 38 Prefix with store 39 Middle English 41 Realtor sign 42 "Rigoletto" has

44 Yago Sant'-(wine brand) 47 N.R.C. 51 Curtain call call 52 Drying frames 53 Overhaul

merganser 56 Human apes 80 What an "F" may indicate 60 Some fraternity 82 — jure (by law) 63 Actor Montgomery 64 A lot of ten 83 Site of a wreck 65 Lawyer: Abbr. 66 '54 defense

ONew York Times/Edited by Will Shortz.

90 Undone?

99 Sheathe

102 Big step

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many firm

Pinkerton

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director Sargent

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73 Zephyr's kvetching?

78 Premed subj.

77 Elusive creature

78 Arty Big Apple

118 Bouquet sender's abbr.

116 Year in Leo IX's 120 Strummer's

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119 Brew milieu

Solution to Puzzle of May 23–24 100 Daughter of Ingrid Bergman 101 Diegal lender 103 Conclusion of

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Pakistan's Nuclear Retort

Restrain the Hostility

Hitching nuclear weapons to the bristling hostility between India and Pakistan has long been a frightening prospect. It became a reality Thursday when Pakistan tested five nuclear devices just two weeks after India did the same. The two nations have now achieved a fearful symmetry that, if managed carelessly, could produce a nuclear confrontation. To avoid that deadly result, Pakistan and India, with the help of the United States and other nations, must move immediately to limit their nuclear ambitions.

It may seem difficult to imagine such restraint only hours after the Pakistani tests, which came despite a concerted diplomatic campaign by Washington and the threat of U.S. economic sanctions. But unless the two countries are bent on destroying one another, they have by testing achieved military and political objectives that cannot be further advanced by building or using nuclear arsenals.

Both countries have proved, to each other and the world, that they can create nuclear weapons, and have satisfied nationalist pressures to do so. Each knows that the other can quickly fashion warheads and missiles to deliver them. That is as far as this arms race should go. It can end there if India and Pakistan declare a testing moratorium, cancel plans to put warheads on missiles and move to join 149 other nations in a test-ban treaty.

Nuclear Club Duties

Restraint was widely urged on Pakistan after India conducted five nuclear tests. But those doing the urging had to know their appeal was hollow. Pakistan, feeling that nothing less than its survival was at stake, was being asked to give up a matching nuclear option in return for an uncertain set of international guarantees, India's tests were strategically gratuitous: They did not emanate from any threat that reasonable people could perceive, certainly not one from Pakistan. Pakistan's five tests on Thursday, however, had a claim of strategic justification. That is why India's tests enraged many in Washington and elsewhere, while Pakistan's were received more in sorrow than in anger.

In a kinder world, the United States would treat different sorts of tests differently. Unfortunately, congressional micromanagers have left the president with no choice but to apply the same stern economic and political sanctions to all offenders. A poor country, India knew what these penalties would be but, caught up in its new phase of Hindu-nationalist pride, tested. Poorer

Though the prospect of U.S. sanctions did not dissuade India and Pakistan from testing, the loss of U.S. and other Western financial support will be painful. President Bill Clinton ought to offer to reduce or lift the sanctions in exchange for commitments to end testing and to refrain from developing an array of nuclear munitions.

India and Pakistan were the two most significant holdouts two years ago when the other countries agreed to the test-ban treaty. It is now clear that their refusal to go along carried an implicit warning that the world did not take seriously enough. Washington, Moscow and Beijing, despite differences on other issues, have no interest in nuclear conflict between India and Pakistan and should together press for treaty acceptance.

India and Pakistan must also follow the example of other nuclear powers and work out emergency communications and confidence-building agreements to prevent accidental nu-clear conflict. Further, they need to restrain their armed forces to assure that border skirmishes over the disputed province of Kashmir do not escalate dangerously.

Indian and Pakistani leaders surely realize that both countries have an overwhelming interest in seeing that their nuclear weapons are never used. The best way to prevent a clash is to stop the nuclear programs now, before they run out of control.

THE NEW YORK TIMES.

Pakistan also knew and, in its fear, also tested. So much for the efficacy of sanctions, at least when they are applied rigidly.

It falls to the five standing members of the nuclear club to limit the damage. The five must press the two to go no farther down the road of weaponization and deployment and to accept the discipline of the nonproliferation, technology-transfer and test-ban accords. The five must urgently address the smoldering issue of disputed Kashmir, a potential flash point of the world's first nuclear exchange. In short, the five must make membership in the nuclear club not simply an affirmation of possession of a bomb but also an obligation for statesmanship.

A good place to start is with a speech lesson. The words that go with nuclear weapons resonate and penetrate deeply. On Thursday, the Indian prime minister celebrated his country's bombs as "India's due, the right of one-sixth of humankind." But nuclear weapons are not posters of pride; they are grave and demanding instruments of public policy. They must be wielded, if at all, and spoken of, carefully.

THE WASHINGTON POST.

Unions' Political Power

Is it fair that union leaders can give union money to politicians who may or may not be supported by individual union members? That is the question posed by Proposition 226, a California budget initiative being voted on in the

primary election Tuesday.

The proposition would bar unions from using any part of an individual member's dues for political contributions without annual written permission from the member. Those opposed to letting the union contribute their money would get that amount back for themselves. They could use it to contribute to their favorite candidate, or to buy milk, or for any other purpose.

Unions currently give money to politicians, mostly Democrats, who support them on issues of importance to labor, ranging from tenure for public school teachers to trade legislation. It is quite possible that any given union member may be on the opposite side of such issues or not care about them at all. That union member might, on the other hand, be passionate about abortion, gun control or some other issue and be unwilling to see his or her money go to anyone who voted the wrong way — as the union member saw it - on those issues.

Unions have mounted a vigorous campaign against the California proposition, arguing correctly that it would effectively bar them from spending money while their opponents could still flood money into campaigns. They are right, and for that reason the one-sided proposition deserves to be defeated

But if voters feel strongly that every person should be able to control whether his or her money goes to political parties or candidates, they need to extend the idea to corporations and their shareholders.

Suppose, for example, that General Motors decided to contribute up to \$7 million — about a penny per share to politicians. The company's management no doubt would want that money to go to candidates who were sympathetic to auto industry concerns, whether on tax policy or on fleet gasoline-mileage issues.

But what would happen if other shareholders were given a choice? Pension funds, with fiduciary obligations to maximize the return on their investments, would have no choice but to ask for the money in cash. Mutual funds would probably be in the same position. Charitable foundations that own stocks might fear that making contributions would jeopardize their tax-exempt status or prefer to have more money for their charitable endeavors. Some individual investors no doubt would go along with letting the company make contributions, but many, perhaps most, would want the

An evenhanded approach could reduce the amount of special-interest money sluicing into both parties and help diminish the corroding influence of big contributions. But that is not the goal of Proposition 226, which seeks to destroy union political power while leaving corporate power unchecked.

THE NEW YORK TIMES.

Herald Eribune

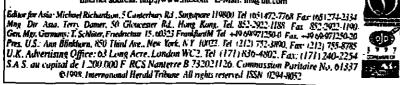
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What's Behind the India-Pakistan Arms Race

RICHMOND, Virginia — To the rest of the world, Pakistan's decision to set off nuclear tests looks like an unfortunate but inevitable reaction of apprehension through India. to India's nuclear tests.

of apprehension through India.

For its part, India had stopped the

We had no choice left to us" was how Pakistan's prime minister, Nawaz Sharif, put it Thursday, But Pakistan did have a choice.

India went ahead with its nuclear tests only after Pakistan changed the power equation on the subcontinent by launching its intermediate-range ballistic missile, the Ghauri, on April 6. At the time, Pakistani spokesmen

said that with the development of the Ghauri -- brazenly named for the Afghan invader who established the first Muslim kingdom in north India in 1193 — no Indian city was safe from a Pakistani attack. The creator of Pakistan's nuclear bomb, Abdul Qadeer Khan, proclaimed that Pakistan now had the ability to hit 26 Indian cities.

Then, a few days later, Pakistan announced that it would soon test a longer-range missile, named the Ghaznavi for the first Afghan to invade western India in search of plunder at the missiles, and the harping on the States to the threat this posed to India. ability to hit Indian cities, sent shivers

By Prem Shakar Jha

development of its intermediate-range Agni missile ("agni" is Hindi for 'fire'') soon after a specific request by President Clinton to P.V. Narasimha Rao, the prime minister in 1994. Before this month, India had not tested a nu-

clear device for 24 years. There were only two or three scientists left in the Department of Atomic Energy who had been involved in the original project.

No one had any idea whether the engineering problems involved in the conversion of a crude nuclear device into a bomb or warhead had been resolved. India's nuclear ability, in short,

existed mainly on paper.
India might have decided to live with this degree of insecurity if Pakistan's weapons program had been frozen at last year's level. But that was not likely to happen for two reasons. The first was evidence of continuing Chinese help to Pakistan in developing both its nuclear the end of the 10th century. The ag-gressive intent behind the naming of the strange blindness of the United

ogy to Pakistan for its nuclear and mis-sile programs, and preferred instead to believe the host of American intelligence reports that confirmed this cooperation.

skeptical of Chinese assertions that they

were not selling equipment or technol-

What forced India to reassess China's intentions is that this cooperation seemed to increase after India and China signed an agreement resolving their border dispute in 1993. There was the sale of ring magnets for Pakistan's gas centrifuges in 1994, the sale of M-11 missiles in 1995, and the presence of Chinese scientists at the Pakistani nuclear research site in Kahuta.

Moreover, the Indians believed that the intermediate-range Ghauri was not a product of North Korean technology, as widely reported, but of Chinese technology. Not only has North Korea flatly denied any such sales to Pakistan, but the modified Scud it developed in 1991 had a range much shorter than that of the Ghauri. Since the North Koreans testfire all their missiles into the Sea of Japan, these tests cannot be kept secret. Indians therefore found it incredible

that North Korea should have developed such reliable technology for a missile with three times the range without needing to test it, and that Pakistan should have bought a completely un-

tested missile or its components.

Lastly, Indian intelligence believed that Chinese scientists were helping Pakistan to make its nuclear weapons small enough to mount on a warhead.

This cooperation united Pakistan's urge to harm India with China's ability to do so. But what tipped India over the brink was the blind eye the United States turned to the danger that Pakistan posed to India. Intent on constructive engagement with China and Pakistan, the Americans have simply disregarded India's fears.

Pakistan cleverly timed the launch of the Ghauri missile for the eve of the visit of Bill Richardson, the U.S. representative to the United Nations, to neighboring Afghanistan. He needed Pakistan's mediation to restore peace to that country and open the way for investment in Central Asia.

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The United States responded by expressing the mildest of regrets. India then realized that, for the foreseeable future, it was truly alone.

Prem Shakar Jha, a columnist for The Hindu daily newspaper in New Delhi, is in the United States writing a book on India, China and Russia. He contributed this comment to The New

Clinton Mideast Policy Slips, and Netanyahu Gets Off

By Stephen S. Rosenfeld

Indian policymakers were always

WASHINGTON — From the start, the American strategy in dealing with Israeli leader Benjamin Netanyahu was to keep him from caving in to his annexationist right wing — for him a tempting political choice. Instead, the United are on the road. episode is not that the House States would try to move the

tinian mainstream. For this to happen, President Bill Clinton needed to hold firm against the pressures that his policy would inevitably stir. Here is the danger of the moment. Mr. Clinton seems to have lost his grip on his own policy. He is allowing Mr. Netanyahu

to escape a confrontation with

Israeli mainstream into a po-

sition acceptable to the Pales-

It is easy enough to blame the Republicans. To judge by Newt Gingrich's sojourn in Israel. they have not abandoned but have embraced politics at the water's edge. Mr. Gingrich's performance at times stepped

restrains opposition politicians from conducting partisan for-eign-policy attacks when they What is striking about the

speaker conducted it but that the president virtually invited it and then let him get away with it. For some weightless tactical reason, Mr. Clinton made the self-wounding decision to open up a peace initiative in the Middle East, to put major diplomatic and political chips on it, but not to go all out to explain it, sell it or defend it once, predictably, it came under fire. Mr. Netanyahu met this in-

the Israeli right. The prospects of peace are dimming. stance of self-inflicted paralysis by mobilizing his own campaign behind "enemy" lines. That is, he saw to the organizing of a letter of protest against White House policy from 81 senators, and went on from

far across the line that usually a right to affect the fundamental interests of a foreign country and then demand to be spared that country's efforts to influence American policy. Still, Israel's demonstration of its reach into the American political system has been for many a sober-

ing revelation. A man openly on the political make, Mr. Gingrich came upon a veritable black hole in American policy-making and pro-ceeded to fill it with his own resounding criticism of President Clinton. Such responses as the White House has offered have been episodic and ineffective and, again, have suffered from the threshold decision not to ruffle Mr. Netanyahu.

On no particular point has the administration fumbled more than on the question of Israel's security. Mr. Netanyahu hit on the notion that the Clinton peace there. Americans cannot claim an arguable policy difference load the territory whose reten-

but an unacceptable attempt to place the American definition of Israel's security needs ahead of Israel's own definition.

This is the sort of abstract statement that, the more you look at it, the more its substance squirts away. In everybody's rhetoric, Israel's own definition of its security needs comes first. But in real life, different definitions are constantly being negotiated. America's friendship for Israel counts. So does America's regional standing. So does, more than anything else, its control over its own policy. To inflate these natural, manageable differences of definition into intimations of American infidelity is to depart sense

for propaganda. The United States looks to an incremental policy that will gradually produce a peaceful outcome among still-wary but contented Middle East states. On this basis the Clinton adproposals indicated not merely ministration urges Israel to un-

tion demonstrably aggravates Palestinian humiliation and impedes progress toward peace. Mr. Netanyahu looks to abid-

ing tensions rendered inescapable by the "unreformed and un-democratized" character of Israel's neighborhood. Apprehensive of peace, he insists on retaining territory on the premise that it will enable Israelis better to fight and survive another war.

The American task remains, by wise patronage and constancy, to draw Israel into terms that will satisfy Israeli security requirements and meet the Palestinians' demand for a min-, imally decent state of their own. The United States cannot expect to perform this task, however, if it does not apply itself openly, directly and intelligently to it. The strategy of building an Israeli center that can induce Mr. Netanyahu to break with his right remains. sound. It is in the pursuit of it that Mr. Clinton lags.

A 'Conciliator' Guides France Past the Ideological Traps

PARIS — Lionel Jospin waves off an invitation to describe how he has survived a year in power and kept his approval ratings high with the normally fractious, hypercritical

French electorate. "Self-congratulation is not a good idea," France's Socialist prime minister says in an unwittingly persuasive answer to

Mr. Jospin's center-left government has cultivated an image of modesty and sobriety since winning parliamentary elections last June 1. This image has helped him enormously in governing a France that has left behind the age of ideology but not yet arrived at the mass-marketing approach to politics that

prevails elsewhere. France's Socialists have un-

go wrong" in East Asia.

forts of this sort are misguided.

'better information."

By Ethan Kapstein

and Thierry Malleret

MINNEAPOLIS -- During the late 1970s, Wall Street economists believed that

bank lending to less developed countries was

"rational and discriminating." In 1996, Al-

bania was deemed by a group of distinguished

economists as a model for the post-Communist transition. And in June 1997, a group of nine

economists declared that "nothing could really

Despite this dismal track record, we still

look to the dismal science for country risk analyses and warnings of impending crises. In

fact, after every recent crisis pundits and public

officials have called upon the International Monetary Fund and the World Bank to es-

tablish early warning systems. But current ef-

For example, in providing lessons from the

'When investors are well-informed they

Asia melidown, The U.S. Treasury secretary,

Robert Rubin, asserted recently the need for

will make better decisions," he said. He suggests that in the Asian case there were

"obstacles to getting good information about economic and financial matters."

That claim is hardly credible. Few of the

investors we speak with blame their analytical

failures on a lack of data. It is all the more

disingenuous coming from an American of-ficial who has all the resources of the gov-

ernment at his disposal. Does Mr. Rubin really

believe he could effectively process additional

the analysis. Good country risk assessment is

about more than the balance of payments,

monetary policy or the banking system. It is

Take Albania, which had great numbers in the

late 1990s. What the data did not reveal was the

The problem is not the lack of numbers but

By Jim Hoagland opponents on the right that in model," he objects. "It is up to modern governance, style is substance, communication is content and political campaigns

do not end when the election is won. That same lesson is also evident in the rise to power of Tony Blair's New Labour in Britain and the center-left Olive Tree coalition in Italy, and the strong lead the Social Democrats in Germany have taken in the campaign for the September national election.

Suddenly, moderate social democrats dominate Europe's effort to come to terms with the global economy and the pressures it exerts on the welfare state. But Mr. Jospin characteristically resists broad generalization on this and other topderstood far better than their ics: "I don't know if this is a

Barking Up the Wrong Tree

each government to choose its way. I don't relate myself to a model." "But it is a trend," Jospin adds, noting that he and other "left-oriented moderate" leaders share a common political language about the need to mix free-market mechanisms and concern for social cohesion

and justice. For most of the hourlong conversation in his bright and airy office overlooking the gardens of Hotel Matignon, the language Mr. Jospin uses is English, which he will also employ on his first official visit to Washington, set for mid-June.

This is an important cultural fact. France finds much of its national pride, and even identity, in the beauty and clarity of

crime in arms sales to Serbia and Montenegro in breach of the United Nations embargo. Finan-

cial pyramid schemes were built to siphon off

the country's savings into these illicit activities;

the ending could only be an unhappy one.

A second example comes from Asia. Until the financial crisis of 1997, the region enjoyed

tremendous export-led growth. But did the

numbers tell us about "crony capitalism," that

familial and old boy network at the center of

most national economies? Cronyism should

have been the starting point for any country

These lessons suggest that early warning will not be found in more financial data but in a

deeper understanding of political economy. How

much do investors really know about the politics of emerging markets? How transparent are de-

cision-making processes in these countries?

The capital exporters have considerable ex-

pertise with respect to these questions, but it is

not to be found in the IMF, the World Bank or

the Organization for Economic Cooperation

and Development.

Rather, it is better to turn to universities.

foreign ministries and the intelligence com-

munity. These are the resources that need to be

mobilized in support of emerging market anal-

ysis. In doing so we would actually help lead-ers stay on the road to liberalization and sus-

The best lesson we could possibly send to the governments of China, Russia and in Africa

and other countries that seek our investment is

this: We are watching you and we will publicize your misdeeds. Only in that way can we

hope to eliminate the political rot that lies at the

Mr. Kapstein is Stassen Professor of International Peace at the University of Minnesota and a former OECD official. Mr. Malteret is chief economist with Alfa Capital in Moscow. They contributed this comment to the

core of most economic crises.

building the more open Europe that is taking shape. When Mr. Blair made an official visit here in March, he delivered his major address in impressive French.

Throughout the interview as he has in governing — Mr. Jospin draws a careful line that he obscures or highlights according to his needs. On one side is a France that is

making great strides in opening itself to the world in trade, finance and culture. On the other is a France intent on safeguarding its own distinctive values and social standards. His talent lies in persuading the French thus far that he will sacrifice neither goal.

*Each one in his own country is obliged to think in global terms today." he says. "Globalization is not uniformization for me. Only diversity permits life, for people and for nations."

Mr. Jospin's first anniversary in office coincides with the end of the 30th anniversary of the student and workers' revolt of May 1968. The timing is coincidental, but there is a direct line between the two anniversaries for Mr. Jospin, now .61, and for France.

The revolt helped convince Mr. Jospin to leave the diplomatic service and take up politics. And it began the move away from the highly central-ized and hierarchical political system dominated by the con-

its own language. But even servatives that has lain in ruins here, knowing other languages is increasingly important in victory last year.

Mr. Jospin's unauthoritarian. anti-hierarchical style pleases the French, who fought the more traditional leadership of his conservative predecessor. Alain Juppe, who emphasized keeping French business; healthy. The economy has, infact, revived under Mr. Jospin.

'Jospin runs his government. as an arbiter, letting his ministers be strong personalities; and argue for different policies, says one member of his government. "He presents. himself not as a boss, but as at conciliator.'

'We don't want too much ideological debate," the prime; minister of the country that in-vented that art form tells me. We want a certain flexibility' and "conciliation" between labor and management in coming negotiations on a 35-hour national workweek.

Thirty years ago, French unions refused finally to take the risks of supporting the students' efforts to topple the government. of Charles de Gaulle and beganthe slow death of class warfare. as an important idea in France.

This May, Lionel Jospin has: been quietly burying that corpse-and beginning to chart a still-uncertain path into a new, less-ideological political future for: France. So far his tread has been, light enough to avoid the mines scattered all along this path. The Washington Post.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1898: Fleet Entrapped

NEW YORK — The Spanish bad way. Judging from accounts received here, its provisions are not plentiful and its coal is of bad quality, and is running short. Such is the deplorable picture painted of the enemy, who in his best fighting trim was anything but likely to cope successfully with the powerful squadron which Commodore Schley was reported to have with him. It now seems that all is over, barring the shouting, should the rival fleets meet.

1923: Vulgar Drawings

LONDON - Max Beerbohm's exhibition of caricatures in the Leicester Gallery has raised a storm of protest against his car-toons of the Royal Family, par-ticularly of the late King Edward, who is depicted as a very

obese angel, with a lyre clasped in his hands, and of the Prince of Wales finally marrying, in his fleet is now safely entrapped at dotage, a lodging-house keep-santiago and is evidently in a dotage. This has drawn! er's daughter. This has drawn fire from all critics. "Vulgar." "Teutonically brutal." Out of date," are the most common. epithets hurled at the author.

1948: Uncertain Future: 6 PRETORIA — Feverish spec-

ulation on South Africa's future. raged throughout the Union-today [May 29] in the post-elec-tion vacuum created by the silence of both the Nationalist victor, Dr. Daniel F. Malan, and his, doubly-defeated rival, Field-Marshal Jan Christiaan Smats. Dr. Malan, whose slender majority of five might make control difficult, continued discussions. on selection of a Cabinet. General Smuts conferred with lead. ers of his United party. Strong efforts were being made to persuade him to return to politics.

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DESTINATION GREECE O O R WAY TO THE O LYMPICS

THE OLYMPICS TO COME HOME IN 2004

Preparations are under way for the return of the Olympic Games to their country of origin.

thenians, and Greeks in general, rejoiced last President Juan Antonio Samaranch announced in Lausanne that the Olympics were "coming home." It was his way of saying that the 2004 Olympic Games had been awarded to Athens, the city where the modern Olympies started in 1896, and to Greece, where the Olympic idea was born almost 3,000 years ago.

Greece had also applied for the 1996 centennial Olympics. but was instead awarded the games of 2004. This made the The modern revival Greeks realize that the games were a very serious international sports, social and financial

affair not governed by sentiment, but by purely business considerations. Thanks to a committee headed by

Yanna Daskalaki Angelopoulou and the mayor of Athens, Dimitris Avramopoulos, Greece persuaded the IOC that it was ready to organize the games.

"Now we face the challenge of organizing the finest games," says Stratis Stratigis, chairman of the board of the organizing committee of the Athens Olympic Games, a company set up by the government to proceed with the preparations and the construction of all the facilities that are still needed for the

"Despite some Mediterranean traits that we Greeks are sometimes said to have," says Mr. Stratigis, "we shall stun the world with the quality of the show we Stratis Stratigis, chairman of the board. put on." He expects the eyes of the entire world to be focused on Greece for 15 days in 2004.

Who started it?

The Olympic Games, which are held every four years, with the winter and summer games staggered by two years, began in Greece in 776 B.C. to honor Zeus, the father of Gods and men, and to commemorate a horse race organized by Oenomaus, a king of ancient Olympia, with his daughter Hippodamia given as the prize. It was won by Pelops, a prince from Asia Minor, who gave his name to the Peloponnese, where Olympia is located.

To understand the importance of the Olympics for the ancient Greeks, one has to remember that they used the first Olympic Games to begin the dating of their era. During the games, all wars between Greek states stopped. That, of course, did not stop outside wars. Will Durant, in his "History of Civilization," emphasized that while the Spartans under Leonidas were in Thermopylae to fight the Persians, most Greeks were gathered in Olympia to attend the 74th Olympics.

"We must not think that the average Greek was a student September when International Olympic Committee of Plato or Aeschylus," wrote Durant, "He was interested in sports, the same way modern Americans and Englishmen are. His favorite athletes were his gods on earth."

Although the victory prize in the games was an olive branch, athletes were pampered and showered with gifts by their fellow citizens. They also served as models for most of the beautiful statues produced by Greek artists.

men, the French Baron Pierre de Coubertin and Dimitrios Vikelas, a Greek author who represented Greece in a 1894 meeting of sports enthusiasts in Paris and persuaded them to hold the first new games in Athens in 1896.

At that time, the organizing committee faced only the problem of a stadium, since the Olympics included only track and field events. Athens had an ancient stadium, built in 330 B.C. That stadium was repaired and provided with seats for about 50,000 spectators in A.D. 131 by Herodes Atticus, a wealthy Athenian and friend of the Roman emperor Hadrian.

In 1894, the organizers turned to George Averof, a wealthy Greek merchant living and working in Alexandria, who financed the repairs and the resurfacing with marble of the ancient stadium, turning it into a modern facility with a capacity of 80,000 spectators. The

all-marble Athens stadium is today used only for the finish of the 26-mile Marathon, commemorating the victory of ancient Athenians against the Persians in Marathon in 490

The new Olympic Stadium and several other facilities for swimming, basketball and soccer were constructed in the area of Maroussi, about 10 kilometers (six miles) north of the

The organizing committee, however, still has a lot to do to prepare for the Athens games. Facilities to be built include the Olympic Village on the slopes of Mount Parnes, 30 kilometers north of Athens, with a budget of \$290 million; an Olympic Sports Complex in Phaliron, where the Athens racetrack is today. 5 kilometers south of the city center, at a cost of \$100 million; an Equestrian Olympic Center and a racetrack in Tatoi, 10 kilometers north of Athens, which will cost \$30 million; the Phaleron installations for baseball, softball and volleyball, 6 kilometers south of the city center, estimated to cost \$370 million; the Ayios Kosmas Olympic country's development and the econ-Sailing Center, opposite the Athens Airport, 10 kilometers omy in general.



Athens Mayor Dimitris Avramopoulos and Yanna Daskalaki Angelopoulou, president of the Athens 2004 organization.

south of Athens. which will cost \$17

"We are fortunate in that a significant portion of the infrastructure, about 70 percent, is already in place," says Mr. Stratigis. "This gives us hope that, given a continuing media interest in the Summer Olympics, some of these projects will prove to be selffinancing.

Healthy benefits

Mr. Stratigis adds that, according to the major financial institution HSBC James Capel, the Olympics will have a substantial beneficial impact on the

Even before having secured the first impressions to visitors to our counmillion; and the rowing and canoe Olympics, Greece had undertaken a try." The Elefsis-Spata highway is also basin in Marathon, 40 kilometers number of major projects in the Athens scheduled for opening before the northeast of Athens, estimated at \$34 area. These projects, necessary to im-Olympics. prove the city's quality of life, are also indispensable for the games. They in- not only benefit the country both ecoclude the expansion of the Athens Metro, to be ready by the end of 2000, and the new Spata Airport, where 3,500 workers are currently working, scheduled to open in March 2001. According extensive area close to the center of the to Public Works Minister Costas Lali-

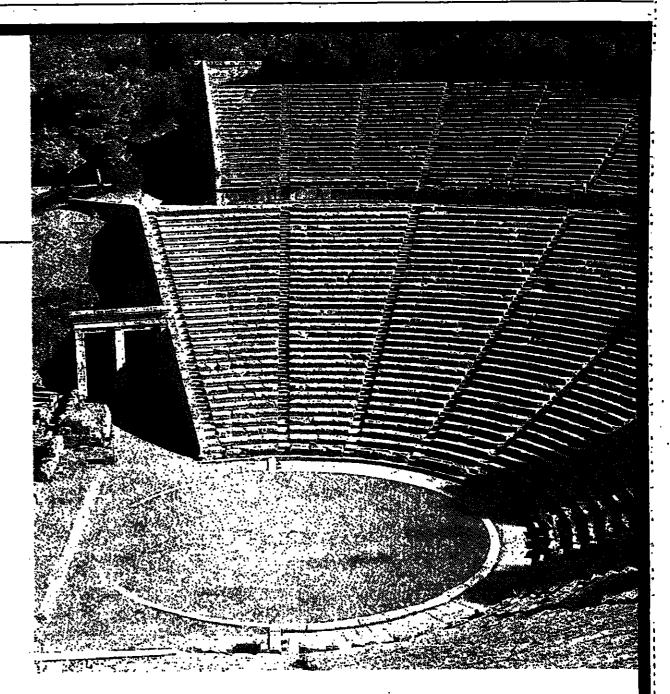
Mt. Stratigis says that the games will' nomically and psychologically, but will. also help speed up projects like the Metro, the Elefsis-Spata highway and the new airport, which will free up an city for the creation of new parks and, otis, the new airport "will be an ex- other environmentally beneficial inemplary work. It will give the best of stallations.

> "DESTINATION GREECE: DOORWAY TO THE OLYMPICS" was produced in its entirety by the Advertising Department of the International Herald Tribune. WRITER: John Rigos in Athens. PROGRAM DIRECTOR: Bill Mahder.

GREECE:



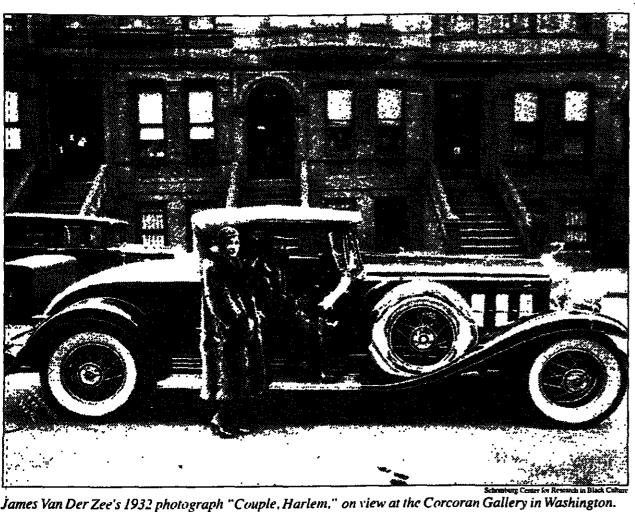
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GREECE: The Authentic Choice



A Renaissance for 1920s Harlem

By Holland Cotter New York Times Service

ASHINGTON — The era of the Harlem Renaissance is one of the most intensively studied periods in the history of black life in America.

It has been the subject of countless scholarly books and articles, and a fair number of museum exhibitions, and its basic chronological and geographical outline tends to change little from telling to telling.

In the decade between World War I and the Great Depression, a single predominantly black neighborhood in Manhattan generated, and briefly sustained, a flowering of music, literature. theater and art. In that efflorescence, African-American culture and North American modernism merged in a uniquely urbane and stylish blend.

'Rhapsodies in Black: Art of the Harlem Renaissance," on view through June 22 at the Corcoran Gallery of Art in Washington, preserves the general framework of this account, but proposes some radical departures. It suggests that the renaissance, at least in terms of the visual arts, extended straight through the Depression years. And that, far from being restricted to New York, it drew energies from other American cities, as well as from the Caribbean and Europe. The show at the Corcoran does not

look, at least at first, very different from others that have preceded it. Organized by the Hayward Gallery in London, where it had its debut last year, it was the first comprehensive presentation of its subject in Europe.

The paintings, sculptures, photographs and graphic works selected by the show's curators — Richard Powell, professor of art history at Duke University, and David Bailey, co-director of the African and Asian Artist's Archive in London — have terrific presence here. Beautifully lighted and arranged in stimulating thematic groupings, they fully convey the hopeful atmosphere of

Harlem earlier in the century. Optimism had been hard won. The renaissance was a product of a mass migration of blacks from the agrarian South to the industrial North. Their passage was wrenching, their arrival unwelcomed. But by the end of World War I, blacks had a sense of having finally secured a foothold in American life.

The sight of an all-black battalion marching as war heroes in a victory parade up Fifth Avenue in 1919 recorded in a photograph by James Van Der Zee included in the show — is often taken as the starting point of the black cultural rebirth.

In the visual arts, that rebirth took many forms. The 130 pieces in the show cover a wide stylistic spectrum. They range from Meta Vaux Warrick Fuller's seminal "Ethiopia Awakening" (circa 1914), an academic-style sculpture of an African woman emerging from murmry's bandages, and symbolically from the bonds of colonialism and slavery, like a chrysalis from a cocoon, to the cool, suave, modernist painting titled "Blues" (1929), by Archibald Motley Jr., in which a crowd of what could be racially mixed couples dances

the night away in a Parisian jazz club. This painting is given considerable prominence in the show --- it appears on the covers of both the catalogue and the gallery brochure — even though Motley was a Chicago artist who never lived or worked in New York. His inclusion, along with that of expatriates like William Johnson, seen in a brushy, Expressionist self-portrait, and white European artists like Edward Burra from England, who came to America to paint snappy, cartoonish Harlem street scenes, underscores the geographic redefinition of the renaissance that the show proposes.

Perhaps most interesting in terms of historical revisionism, though, is the fact that much of the work by these artists dates from the years after the stock-market crash, rather than from the decade of the '20s, when the Harlem Renaissance was considered to have been at its peak.

In some ways, the later dates for art are not surprising. It has long been recognized that writers and performers, not artists, were the catalytic figures of the renaissance. The exhibition suggests as

much in a few telling multimedia touches. Jazz plays in some of the galleries; film clips of Josephine Baker and Paul Robeson appear here and there, as do books by W.E.B. Du Bois, Alain Locke and James Weldon Johnson, intellectuals who helped to mold the New Negro movement of the 1920s.

After 1929, however, things changed. The Harlem-based literary movement dissipated. Jazz clubs closed. It was exactly at this time, the show implies, that the black visual arts came into their own. Possibly new government patronage made the difference, though the reasons are never made fully clear here.

What is clear is the strength of the art produced by black artists throughout the 1930s. Just as the New Negro theorists had urged, their work applied an inventive modernist polish and flair to motifs drawn both from African-American history and daily life and from

NE finds such motifs in Aaron Douglas's imposing mural series titled "Aspects of Negro Life" (1934) and in Jacob Lawrence's 41-panel gouache on paper, "Toussaint l'Ouverture Series" (1937-38), with its tale of liberation phrased in Cudistic planes of color. They are also in Augusta Savage's bust of a Harlem street child from 1930 and in Lois Mailou Jones's graceful painting of African masks titled "Les Fetiches" executed in Paris in 1938.

Whatever the validity of the Corcoran show's view of the Harlem Renaissance as an international phenomenon with a considerably extended time frame, 'Rhapsodies in Black'' both points to fresh avenues for study of its subject and holds implications for approaching art by black artists closer to our own time.

Many of the esthetic and social issues raised by the Harlem Renaissance about the roles played by race and class in art. about the tension between assimilation and self-assertion, about how the spiritual and political can balance out - are as pertinent today as they were in the streets and studios of Harlem in the first half of this century.

Bremen Brushes Up Its Museums City Has Rejuvenated the Focke and Kunsthalle By David Galloway

REMEN, Germany - With a smart new design center and two elegantly renovated museums, this former Hanseatic capital is making a bravura bid toemerge from the cultural backwater in which it has long seemed stranded.

For art historians, the collection housed in the local Kunsthalle numbers among the country's finest, but for decades its setting seemed an affront to the masterpieces on view. Even Durer, van Gogh, Picasso and Beckmann were hard pressed to compete with water-stained walls, peeling linoleum and tenementstyle lighting.

Today the rejuvenated Kunsthalle gleams as it must have done for its inauguration in 1849, but with the significant difference that its walls conceal state-of-the-art technology. They also show no traces of the internal reinforcedconcrete frame - a kind of supporting corset - that compensates for structural damages suffered in World War II.

The most radical visible alteration was the demolition of a hulking central staircase to provide a spacious exhibition hall. An oval sliced from the ceiling permits glimpses of the baroque gallery and a decorative skylight above.

Golden oak parquet has replaced the linoleum, while the 24 halfs and intimate cabinets in which the permanent collection is grouped are bathed in color. Baroque paintings are displayed against muted bordeaux-red walls; early German masters against moss green; the Romantics against Wedgwood blue, while the Impressionists glow from a field of ochre yellow.

Banishing the antiseptic white-wall syndrome, which surely ranks among the cardinal sins of modernism, is a reprise on the building's original dec-oration, when the walls were covered with colored fabrics.

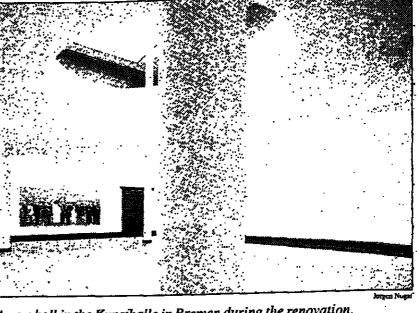
Such historic allusions, including the restoration of carved art-nouveau doors, have symbolic significance as well. They are reminders of a once glorious past in which civic-minded burghers founded an art-appreciation society, acquired works for study and eventually financed a building to house them.

It was the first privately initiated museum in Germany, independent of princely bequests or government edicts. And its extraordinary holdings are still the property of the private organization, the Kunstverein, which sued the city three years ago when it reneged on a contractual obligation to provide operating costs. Meanwhile, Kunstverein members drummed up 7 million Deutsche marks (\$3.9 million) of the 21 million required for renovations, in a city with fewer than 600,000 inhabitants.

For a sense of the prosperous mercantile and ship-building society that once set the tone in Bremen, the freshly renovated Focke Museum displays historic costumes, furniture, porcelain and entire period rooms. In all, about 1,200 years of urban development are documented here, from medieval silver to a silver "Isabella coupe" produced by Borgward, the legendary automaker, in

Industrial-design enthusiasts can also make their way to the new Wilhelm Wagenfeld House, dedicated to the work of the Bremen-born Bauhaus designer whose works are ubiquitous in the Federal Republic.

Wagenfeld believed that everyday household objects should be "cheap enough for the worker and good enough for the rich." In the postwar years his functional, organically curved collanders, lemon presses, egg-cups and modular glass containers exerted a powerful influence on industrial design.



A new hall in the Kunsthalle in Bremen during the renovation.

His pinch-waisted salt-and-pepper shakers "Max and Moritz," which are still in production; have found more than 500,000 buyers.

But Wagenfeld House is not just dedicated to the achievements of a native son. It also houses the Design Center, which sponsors symposia and provides

a forum for young designers. Wagenfeld House, a brief walk from the Kunsthalle, boasts a temple-like facade. In fact, it was built in 1828 as a jail, was later used for interrogations by the Gestapo and, until recently, offered crowded accommodation to unsuccessful asylum-seekers awaiting deportation.

CROSS the way, another neoclassical pavilion houses the Gerhard Marcks House for 20th century sculpture. Bremen also boasts a museum dedicated entirely to the work of the painter Paula Modersohn-Becker.

Such specialist fare can only be viewed as facets of a scene both qualitatively and quantitatively dominated by the Kunsthalle. But local euphoria about that dowager's successful facelift cannot conceal an underlying cultural crisis. With its new and renewed exhibition facilities, Bremen, plagued by recession, has stretched its resources perilously thin.

The immediate therapy calls for reducing costs at the museums for heating and personnel by one-third. Long-term remedies might include staging the kind free-lance curator based in Germany.

of blockbuster exhibition that replenishes the coffers through ticket and catalogue sales. But this would be done at the expense of the reflective, refined atmosphere in which the permanent collection can at last be experienced.

In terms of visitor appeal, the Kunsthalle is hampered its few significant acquisitions in the last half-century. To lend the Kunsthalle itself a more contemporary flair, Wolf Herzogenrath, the director, has installed an ensemble of new-media art on the top floor of the building. Yet despite the presence of electronic Old Masters like John Cage and Otto Piene, the results seem oddly indifferent.

Far more persuasive is the occasional interference provoked by the inclusion of contemporary works within the traditional collection: a Cindy Sherman 'transformation' confronting portraits by Modersohn-Becker, for example.

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But no amount of curatorial alchemy can conceal the true joy the Kunsthalle holds for the discerning visitor -- that of savoring a major collection that hasgrown historically and organically. sometimes bucking the trends and sometimes launching them, but consistently dedicated to the pleasure and elucidation of the viewer. Given the razzle-dazzle that often seems to dominate the museum scene, that is no insignificant claim to fame.

David Galloway is an art critic and

McNally Show Will Go On

New York Times Service TEW YORK — The Manhattan after conferring with police officials, L N i heater Club says it will re course and stage a play this fall fea- show, subject to final confirmation turing a gay Jesus-like figure who has that security will be adequate. sex with his apostles. The club said last week that it had withdrawn plans to put on the play after receiving bomb threats promising the "extermination

of every member of the theater." Faced with the bomb threats and protests from Christian civil rights groups on the one hand, and furious accusations from artists that the theater was being intimidated into self-censorship on the other, the two top administrators of the club said Thursday that Terrence McNally's play "Corpus Christi" would be reinstated.

The administrators, Lynne Meadow and Barry Grove, said they had removed the play from their fall schedule for free expression, particularly the only because of pressing security fears expression of potentially unpopular occasioned by the anonymous tele- views.

BOOKS

phoned bomb threats. They said that

"We were outraged by a subsequent outcry which accused the Manhattan Theater Club of censorship," Meadow, the artistic director of the company, said Thursday. "In our 25-year history, we have never censored a play or turned down a play because of content.

The move drew enthusiastic expressions of support from artists and civil liberties groups and sharp criticism from the Catholic League for Religious and Civil Rights, which had

led protests against the play.
Supporters of the decision said the company had bravely shown support

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HOW IT ALL BEGAN By Nikolai Bukharin, Translated by George Shriver.

345 pages. \$28.95. Columbia University Press.

By Richard Bernstein NE of the more note-worthy of the many docformer Soviet Union is this autobiography in the form of a novel by Nikolai Bukharin, generally regarded as the most prominent of the Bolshevik leaders killed in the Stalinist purges of 1937 and 1938. During his months in prison, Bukharin, who had fallen afoul of Stalin in 1929 and was stripped of his power, wrote four books, including a philosophical work Bukharin was aware that his and "How It All Began," a

and his acquisition of a political conscience. The truth is that "How It All Began" is more important for its historical than its literary value. That does not mean that it has no literary value.

Bukharin, writing in his cell at night after all-day in-terrogations by the Stalinist police, produced a rich portrait of Russian life at the end

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of life under the czars. The book was published in Moscow in 1994, 56 years after his death. It is half essay, uments that have poured out half novel, and had it been of the opened archives of the written by an unknown, it would certainly not figure very prominently as literature. It is important for the glimpse it gives into the mind of a central figure of the Russian Revolution, the youngest of the circle around Lenin, who called Bukharin "the golden boy of the revolution.

The book is also important because of the circumstances of its composition, since days were numbered. What portrait of a sensitive young does one say in such a con-son of the lower middle class dition? What does one remember? In his informative introduction, Stephen Cohen argues that Bukharin wanted to demonstrate that the revolution gone mad had originated in the best impulses of human nature and among the best and most moral people.

"He wanted to leave behind a personal testimony of how it had really been," Cohen wrote, "a testament to the idealism that had led them as young students to become Marxist radicals in czarist

Russia — and how, he still hoped, it might be." planation, some pictured fic-

also replete with terse de- camps. Bukharin himself was one of 21 defendants in the the poverty, the brutishness most spectacular of the Moscow show trials to take place in 1938, an 11-day affair that presented the confounding spectacle of several old Bolsheviks readily confessing

to transparently false charges. Cohen, who published a biography of Bukharin in 1973, maintains in his introduction that, if you read between the Bukharin, using 'double talk, code words, evasion and digressions," actually strove to show that "the

criminal accusations were really political falsifications."

Bukharin's novel is not easy to interpret. It was written by a man who, while eventually an opponent of Stalin, was his political ally for several years in the 1920s. Bukharin also served the revolution faithfully after Lenin had turned the nation into a police state.

Bukharin's status as one of Stalin's victims has given him a martyr's aura, but his novel provides no apology or regret at having taken the politically radical course, no rueful reflection on the waywardness of youthful idealism.

Nikolai Ivanovich Petrov, nicknamed Kolya and quite clearly a stand-in for Bukharin himself, following him from his early childhood in The "them" in Cohen's ex- the late 1880s to his adolescence in 1902. The earlier tionally in Bukharin's book, chapters especially are a remare his many contemporaries iniscence of a family of minor in its service. who were imprisoned, tor- intellectuals who run into

of the 19th century. It is tured, forced to give false hard times. Quickly, he deetched in nostalgia for youth- testimony against one another scribes contrasting neighborful days in the countryside but and then murdered in Stalin's hoods "where things were dirty, loud, drunken and poor," the first of numerous descriptions of the desperate and harsh side of Russia.

Kolya's father, forced to leave the school where he taught, takes a job as a civil servant in a provincial town in Bessarabia, where Kolya witnesses both rural poverty and ferocious anti-Semitism. Kolya, a precocious athe-

ist, develops "a love for the people of the 'lower orders' of society as well as a kind of nihilism regarding all the conventions of the life of the upper echelons." Kolya and his friends hear about what Bukharin calls "the gleaming weapons of Marxism, that highest product of the revolutionary side of Western European development.

Eventually, in the final chapters, they are reading Lenin and engaging in heated Marxist ideological debates. Did Bukharin write that

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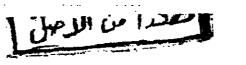
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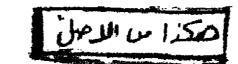
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politically correct line about the glearning weapons of Marxism" in the hopes that his book would be published? That is possible. But more likely, he remained a believer in revolutionary Marxism The novel tells the story of even inside a Marxist prison and about to be executed by Marxist executioners. His novel is poignant and heartrending precisely because it shows the terrible power of the idea that dominated the mind of a brilliant and idealistic generation that perished

New York Times Service





A Magnificent New Perspective on Degas

Show in Washington Reveals His Crucial Perception of Movement

By Souren Melikian national Herald Tribune

heartedly concealed under the guise of a springtime entertainment, "Degas at the Races," on view at the National Gallery here until July 12, is one of those wonderful shows that suddenly set a famous artist in an entirely new per-

Served by an admirable hanging and a selection that gives precedence to beauty, the exhibition reveals the crucial importance that the perception of movement had in the artist's ocuvre even though that is not its stated purpose. Forget Impressionism, which for

Degas was a passing phase. The painter comes out as what he really was - the last of the great European masters whose roots go back to Pisanello and the only one among those who made the jump into modernity. In this, horses seem to have played a role.

Jean Sutherland-Boggs, the Degas specialist who put the show together, observes in her book that his interest did not stem from any familiarity with the animal — the first horses that the artist drew while a student in 1855 were those that he saw on plaster casts of the Parthenon friezes.

His interest was kindled anew when he went to Normandy and stayed with friends in a chateau, not far from the national horse breeding establishment at Haras-les-Pins. By then, the student had become a

Around 1860, he painted a seaside view with a man and a woman riding at the edge of the water and composed the scene in a way

that had no precedent in Western art. The thrust is off-center on two riders who amble away with their backs turned to the viewer. Their dark shapes form a dramatic contrast with the landscape in pale delicate shades. A subtle atmosphere of companionship in a harmonious setting is suggested by the man's posture — his body is slightly tilted toward the woman who rides

This unique ability at suggesting mood through posture and movement

Seven or eight years later, Degas con-ASHINGTON - Light- ceived one of the most beautiful compositions of the 1860s, "The Promenade on Horseback." Three women mounting dark horses are seen ascending a steep slope. At the top, others ride away in the distance. All the characters, except one who gazes at the scene, turn their backs on the viewer.

The feeling is that of an adieu. The scenery in shades of dark green is attuned to the mood and so is the sunset sky with orange and yellow streaks floating above the grayish blue of dusk about to set in.

Movement briefly suspended gives another composition a Vermeer-like feel for the privileged moment. "Carriage Leaving the Races" was painted

Degas's "Jockeys," painted around 1882, is all about fear, tension and readiness.

in 1869-1872 with a peculiar sense of

perspective that Degas probably owed to his practice of photography. The em-

phasis is on the bottom corner right

where the carriage is cropped, as if it

was about to vanish beyond the edges of

the picture. Further down, in a distinct

scene, tiny riders at a standstill watch

two jockeys racing each other. It is as if

Degas had had a premonition of the

So essential was movement to Degas

motion picture camera.

humans and animals.

'Horses in a Meadow,' done in 1871, is the ultimate masterpiece in this line. In the foreground, a large bay horse appears sideways, its head resting across the back of its white mate. The evocation of animal friendship is made more vivid by the desolate emptiness of the pale green landscape in which the horses stand, Horizontal divisions emphasize the monotony, Impressionism that was blossoming at that moment

seems very far away.

Did Degas find the Impressionist nanner that he eventually cultivated in his ballet views too frivolous for his outdoor compositions in which horses

painted in 1871, but reworked in 1874,

the year of the First Impressionist Ex-

hibition," has nothing in common with

the landscapes of Monet or Renoir, in

which light blurs details while defining

volumes through the use of graded

It is actually the very negation of

Impressionism. The jockeys who ride

away stand out clearly against the toned

green of the turf. There is almost no

detail to the grass of the paddock or the

"Racehorses at Longchamp," also

was to remain the hallmark of the artist's work.

that he used it as his principal means of conveying his emotive perception of great care has been brought to the rendition of the horses. The three figures in the foreground are based on a crisp drawing done a year or two earlier. proving the attention given to posture. What matters in the picture is not the light, as in Impressionism, but the rhythm created by the horses and the mood that this rhythm inspires. There is a sense of purpose, of impending drama: The race is to start shortly.

Indeed, the horse study continues an early strain in the oeuvre of Degas. It is well in line with the sketch of a fox killed in the hunt, which the artist had drawn in black pencil and red chalk perhaps a decade earlier.

There, too, the observation of the posture is charged with emotion in the artist's restrained manner. The loosened

musculature of the animal's body lying limp, the closed eyes, with the merest suggestion of suffering expressed by the clenched teeth, combine to make it a gem that could be from the hand of a 17th century master.

The amount of time that Degas spent in studying the movements of man and animals, whether in his analytical drawings or in his models molded in wax, says all about his true pri-

Some of the sketches have a classical perfection with a subtlety in the scrutiny of expression that is fundamentally alien to Impressionism. Such is the 'Horse Walking,' donated by Eugene Thaw to the Pierpoint Morgan Library. The alacrity in the animal's face and the spring in its step belong to another

age.
That attention given to animal and human expressions in relationship to cer-

tain postures in order to convey the mood of a moment was maintained by Degas up to the end. Four studies of a groom done on a small sheet capture nuances in the positioning of the rider in the saddle, and match them with subtle changes in the tense, grim features, as if the painter had been training some camera on the sitter.

In another sketch of the same groom, while the leaping movement of the horse is broadly indicated, the man's face is precisely rendered in black chalk gotten.



"Horse Walking," 1878: The spring in its step belongs to another age. ..

heightened with white as in some miniature portrait by a 16th century drafts-

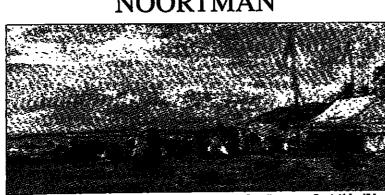
HIS relentless search for facial and bodily expressiveness evensionist style. A close-up study of jockeys painted around 1882 is all about fear. In one of the great ma jected by the visor of the cap; or heads tilted slightly on the side, in expectation of the signal. The colors are strong, the elements of the composition firmly delineated. Impressionism is all but for-

In 1885, Degas drew a pastel study of "Three Women at the Races." Seen from the back, their bodies are bent forward. The faintest suggestion of a smirk can be detected on one of the women's faces, turned just enough for us tually resulted in a truly Expres- to catch her expression. Toulouse-

In one of the great man's last pastels' of three jockeys, the riders sit tight ontheir prancing horses ready to bounce off. There is a certain clumsiness, and a disproportion, but the sensitivity to bodily expressiveness remains intact.

This was his true signature tune. Even as he was going blind, Degas could not

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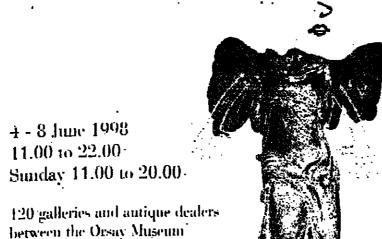
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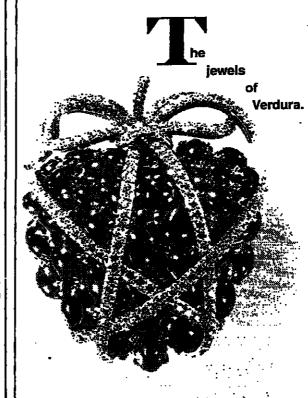
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First American Licensee Wraps Up 6 Tough Years

> By Kevin Bubel Bloomberg News

HANOI — When James Rockwell raised the American flag six years ago outside his Hanoi office, the police made him take it down.

It did not matter that the Vietnamese flag, a single gold star on a red field, fluttered beside it. The United States, he was told, was still the enemy.

Mr. Rockwell's consulting business.

Vatico Inc., was the first American company licensed to operate in postwar Vietnam, Chrysler Corp. was his first client. International Business Machines Corp., Hughes Aircraft Co. and Amway Corp. soon joined the roster, and his staff swelled to 30,

Now he is heading home. Like many foreign investors, Mr. Rockwell said, he has been worn down by the difficulty of arranging business contracts in Vietnam and the dim prospects for making money. Vatico, which he left 18 months ago in a dispute with partners, will close on June 30, its staff having dwindled to four.

Mr. Rockwell, 37, is leaving as a number of major U.S. companies reassess their Vietnam operations. A skeptical U.S. Congress will evaluate trade relations between the two countries next month.

This "is a watershed year," said Greig Craft, president of Oklahomabased Craft Corp., another early U.S. arrival. "Vietnam asks for sympathy, but you can only afford to pay for sym-

pathy for so long."
When Mr. Rockwell arrived in 1992, the United States had no embassy in Hanoi. His office was often mistaken for it because of the flag, which he even-tually received permission to fly. Over the course of six years, he feels he has made progress.

"I'm burned out, but I've met every goal I intended to meet when I came to Vietnam," Mr. Rockwell said. "We've done everything we could," he said, to help the normalization process.

The difficulties, though, are clear to all. Four years after the United States dropped its embargo on Vietnam, full trade relations have yet to be restored. Two anticipated agreements, on protection of copyrights and direct com-mercial air links, have fallen through in the last six months. Talks on an overall

Investors continue to be harassed by a Communist leadership that has yet to concede that foreign businesses need to make money themselves to help Vietnam's economy grow, the business managers say. "If 10 percent of foreign-invested companies in this country are making a profit, I'd be surprised," Mr. Rockwell said.

Chrysler, his first client, withdrew from a \$192 million joint venture more than a year ago. It saw no significant return from a market in which only 6,000 locally made cars are sold each year.

That market is divided among 13 licensed automakers. Between them, the companies have an annual capacity to build 180,000 autos. Ford opened a \$92 million plant about 55 kilometers (35 miles) east of Hanoi late last year to make vans and light trucks. "Vietnam is an emerging market," said Murray Gilbert, Ford country manager. "People complain it's not developing at lightning pace, but we never expected it to. Taiwan took 20 years and Australia 30 years to build a competitive auto industry that could stand up on its own."

Still, opaque regulations and officials seeking bribes make Vietnam a rough sell. Investors also complain they are nickel-and-dimed to death as negotiations drag on, "Vietnam does not appreciate that lost opportunities from so much wait-

ing costs money." Mr. Craft said.
The United States ranks eighth among Vietnam's foreign investors, with 70 licensed projects worth \$1.24 billion. It has double that in projects stalled by red cape. U.S. contracts hinge on Congress agreeing in June to renew President Bill Clinton's March waiver of the so-called Jackson-Vanick amendment, legislation that requires countries to respect human rights.

Cross Rates



Sir Donald Tsang, the Hong Kong financial secretary, who said Friday that the territory was facing "an unprecedented economic upheaval."

Asia Crisis Buffets Hong Kong

Economy Shrank 2% in Quarter, the First Contraction in 13 Years

By Philip Segal International Herald Tribuna

HONG KONG — Asia's economic crisis has sent Hong Kong's economy sharply into reverse, causing the territory's first economic contraction in 13" years, the government reported Friday.

The contraction in the first quarter, of roughly 2 percent, is as bad as the most

pessimistic analyst had foreseen.

"We are facing an unprecedented economic upheaval," said Sir Donald Tsang, the territory's financial secretary, announcing the statistics. "There is no panacea that will take immediate

With Hong Kong heading quickly into recession, officials unveiled measures that will attempt to ease some of the pain, although the territory's fixed exchange rate leaves the government with limited scope to loosen credit and

get consumers borrowing again.
The turnaround in Hong Kong's economic fortunes took many analysts by surprise in its severity, even though a property slump, a major withdrawal by troubled Japanese banks from lending here, fast-rising unemployment and plunging retail sales have provided clues that the territory's economic health had been failing.

Many economists as well as the government had only recently come around to the idea that Hong Kong would probably be faced with recession like many of its crisis-affected neighbors.

'A crude initial assessment suggests that the gross domestic product could have suffered a decline of around 2 cent in real terms in the first quarter of 1998 over a year earlier. This was further down from the 2.7 percent

the government said. Mr. Tsang, Hong Kong's top finan-cial official, blamed the decline on weak local consumption, a sharp drop in tourist arrivals and exports. He did not offer a forecast for full-year growth, saying it would not be made until the second quarter, but admitted that his previous forecast of 3.5 percent growth for the entire year "looks unattainable."

"Amid a still highly volatile situation both externally and locally, any assessment of the short-term outlook for the economy is subject to a large degree of

uncertainty," he said.

The estimate was released after the close of markets here, but stocks may open sharply lower on Monday. After the chief executive, Tung Chee-hwa, officially raised the possibility of re-cession earlier this week, the stock market fell by more than 5 percent the following day, helping trigger stock market tremors around the world.

The fall may be sharp again, since one of the most bearish forecasts for Hong Kong, that of the brokerage Dresdner Kleinwort Benson, has been for "negarive growth," or contraction, of 1.1 percent this year and further contraction of 2 percent next year. Unless Hong Kong stages an immediate recovery, economic shrinkage of 1 percent this

year may end up looking optimistic. Independent Strategy, a consultancy in London, has been bearish on Hong Kong for some time, and forecasts a further 33 percent fall in the Hang Seng Index based on a prediction of higher Hong Kong interest rates that it sees as necessary to defend the Hong Kong dollar and its fixed exchange rate. "Our Number One short in Asia right now is

growth in the fourth quarter of 1997," Hong Kong equities," it said in a recent

Others apart from the government itself have been more recent converts to the recession scenario. At HSBC Securities. an economist, Anthony Chan, cut his 1998 forecast for Hong Kong in half - to I percent for this year — just last week. For the first quarter he had forecast a contraction of 1.6 percent, but then called for a recovery later in the year.

To counteract the withdrawal of lending by many troubled Japanese banks, Mr. Tsang said the government would work with banks to accelerate the use of repurchase agreements in an effort to boost liquidity. These are arrangements under which banks can lend one another securities, with an agreement that the seller will buy the paper back at a fixed price later on.

The government is also relaxing some measures imposed during the frothy real estate market, originally aimed at curbing speculation on apart-ments. Developers may now sell apart-ments before they are completed, and single purchasers can buy as much as 15 percent of any offering for sale.

To encourage tourism, badly hit by a decline in arrivals from Asia and especially Japan, it will simplify entry requirements for residents of Taiwan, and will allow more visitors from main-

The release of the economic growth estimate follows a rash of dismal statistics released in the middle of a property slump that has seen many prices fall by 40 percent since the middle of last year. The resulting plunge in the property-heavy stock market has wiped out billions of dollars of personal and cor-

IMF Says Moscow Doesn't Need New Aid Package

By Daniel Williams Washington Post Service

MOSCOW - The International Monetary Fund offered a measure of relief to Russia's battered economy on Friday with a recommendation to release \$670 million from a previously arranged loan, on pledges that Russia will collect more taxes and reduce gov-

ernment spending.

But Russian pleas for further help at a minimum, signs that foreign governments might consider more financial aid -- came up empty. It appears the country will have to rely on itself to stay

John Odling-Smee, the IMF's representative here, said Russia's planned measures to increase tax collection and cut spending would be sufficient and that the country did not need any emergency financing.

"The IMF very much welcomes" the steps, he said. "When these measuress are implemented, they will allow the budget deficit to be reduced.'

The IMF's stance helped send the stock market lower. The Russian/Skate

3.75 percent, to 872.67 points. The ruble also weakened, with the dollar rising to 6.16 rubles, from 6.1580 rubles Thurs-

Pressure also came from news that Moody's Investors Service had reduced credit ratings for Russian foreign currency bonds.

The government announced plans to raise money through the sale of government stakes in major companies, in-cluding the oil giants Lukoil and Ros-

But in the long term, tax collection has become the focus. President Boris to crack down on corporate and individual evaders. He fired his chief tax collector on Friday to show he means business in collecting arrears from big companies, the rich and other scofflaws. The official. Alexander Pochinok, had been confirmed in office by Mr. Yeltsin only a month ago, al-though he was a holdover from the government sacked in March.

His ouster was done in Mr. Yeltsin's typical brusque and graceless fashion: Mr. Pochinok got word of his ouster

from news services. The replacement, Boris Fyodorov, was finance minister in 1993 and 1994. He favors jail for tax

Russia also faces the dilemma of how

to reduce interest rates paid on shortterm debt quickly. The government tripled interest rates to 150 percent this week to attract financing and curb fears of a ruble collapse. Such high interest rates create problems of their own. High interest payouts drain the budget, leaving little money to meet

wage, defense and social service obligations. Russia's budget is more or less in balance for spending on op-erations: it is service on a debt of about \$50 billion that creates problems.

The premium rate also lures money from the stock market and diverts investment that might otherwise go toward creation of new businesses and development of existing enterprises. Many private investors and fund managers have backed Russia's calls for cutrate loans in order to reduce expensive borrowing.

'Russia is engaged in the formation of a debt pyramid that it can't afford,"

said Eric Straus, an analyst at Regent European Securities here. "It doesn't take a rocket scientist to see that it can't keep paying such high interest rates."

The government regarded last week's interest-rate hike as preferable to devaluation. Reducing the worth of the ruble would lead to inflation and perhaps make the course of Russia's economy less certain.

A ruble collapse would also distress the general public. Stock market crashes or expensive loans directly affect few Russians, but higher prices would be noticed by all

Only last fall, interest rates were as w as 15 percent. Mr. Yeltsin predi 2 percent economic growth this year and a final turnaround from six years of depression.

A mini-crisis in December forced interest rates up to nearly 50 percent; they had sunk again to the mid-twenties before last week's ruble scare. Growth will probably be flat this year, forecasters

For the first time, the IMF acknowledged Friday that Russia had brought up the issue of further soft loans. Former



Boris Fyodorov, new tax collector.

Finance Minister Anatoli Chubais was in Washington to lobby for moral and

financial support. The dispatch of Mr. Chubais is full of political irony. He was among ministers dismissed in March for showing a lack of energy in, among other things, collecting taxes. He is admired in Washington, however, for his commitment to

How to Fix Russia's Ailing Economy: A Fervent Debate Deepens

By Peter Passell New York Times Service

NEW YORK - Yet another emerging market economy has been forced to the brink by financial panic. And yet again, the International Monetary Fund is riding to the rescue, offering a reassuring wad of cash in return for a variety of austerity measures ranging from accelerated privatization to a crackdown on tax evasion.

Only this time around the economy at risk is Russia's, which is at once far more feeble and yet more important in geopolitical terms than the ailing Asian Tigers. By no coincidence, the debate over what should be done to minimize the damage deepens a division between defenders of economic orthodoxy and experts inclined to compare the IMF to Typhoid Mary rather than to the White Knight.
Many argue that allowing the ruble to

tumble would undo the very modest

progress post-Soviet Russia has made in building a free-market economy. "The reformers have tied their credibility to the defense of the currency," said Robert Hormats, vice-chairman of Goldman Sachs International.

But others claim that the side-effects of propping up the ruble would be worse than the illness. "Russia is being asked to crush the opportunity for economic growth in the name of short-term

market stability," said ANALYSIS Jeffrey Sachs, director of Harvard's Institute for International Development and an adviser to the Yeltsin government until 1994.

The only way to give the Yeltsin administration a passing mark on economic reforms is to grade on a curve. Much of the economy's industrial base has indeed been privatized. Inflation is down (at least temporarily) to single digits. And while the budget deficit in the first quarter of 1998 - 4.6 percent

May 29

of gross domestic product - was high by Western standards, it was right on the track set by the bean counters at the IMF. Indeed, before this latest crisis most forecasters were predicting a modest uptick in national output this year.

What hasn't been done, though -- or has been done badly — haunts a gov-emment that has badly tried the patience of the electorate. Mr. Sachs distinguishes between the rapid privatization of manufacturing enterprises and the sale of natural resources, notably oil and gas reserves. The former was generally desirable, since the only hope for sustaining inefficient enterprises was to introduce free-market incentives. But the "virtual giveaway of hundreds of billions of dollars in natural wealth deprived the state of desperately needed revenues and created a powerful class of robber barons," he argued.

The search for revenue has compounded Moscow's problems, suggests Richard Medley, a New York-based ad-

viser on financial risk management. Under pressure from the IMF, tax rates were set high — "so high," said Mr. Medley, "that no one can afford to pay them." As a result, tax evasion has become the norm and otherwise legitimate businesses have been forced to go underground.

While the proximate cause of the flight of capital last week was the failure of the new reformist government to sell off the assets of the oil enterprise RAO Rosneft for \$2 billion, no one doubts that the stage was set by the continuing financial troubles in Asia. With South Korea and Thailand still limping badly and Indonesia caught in its most serious crisis in three decades, experts have been waiting for the shoe to drop on the emerging economies of the former Soviet Union.

To some, the failure of the fundamentally strong Asian Tigers to bounce back suggests that the IMF has prescribed the wrong medicine. Robert

Wade, a visiting scholar at the Russell Sage Foundation, argues the high interest rates and tight fiscal policy that the IMF has demanded as a means of restoring confidence in the Asian currencies is destroying indebted, but otherwise healthy, businesses.

"The IMF spends too much effort defending old orthodoxies - not to mention the interests of Asia's foreign

creditors," he said.
For Mr. Wade and Mr. Sachs, then, thebig question is whether the IMF is once again applying flawed priorities and policies. In the last three years, noted Mr. Sachs. Russia's domestic inflation has, outpaced the depreciation of the ruble. effectively increasing the ruble's pur-chasing power abroad by 35 percent. That had made the ruble ripe for

adjustment. Yet the IMF is encouraging. the Yeltsin government to invest its dwindling credibility and foreign currency reserves in a last-ditch defense of the exchange rate.

CURRENCY & INTEREST RATES May 29

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Canada (Toronto); IMF (SDR). Other data from the Associated Press, Bloomberg and Reviers.

ECONOMIC SCENE

U.S. Towns Bank on Their Own Currencies

By Edward A. Gargan New York Times Service

WILLIMANTIC, Connecticut - At the end of a 60-foot mahogany bar under a celestial 21-foot ceiling, Cindy Wollner watched the final lunchtime stragglers seep out of her new restaurant and fingered a few bills, part of the afternoon's take.

The image on the lavender notes was not a portrait of George Washington, or even Thomas Jefferson, but an engraving of a covered wagon and three pioneers; the bills' motto declared not "In God We Trust," but "In Community We Trust.''

"It's real money in this town," said Ms. Wollner, who runs her restaurant, the Willimantic Brewing Co., in a gray, granite monolith that once was a post office. "It's worth 10 real dollars."

Even as much of Europe is moving to rip down national monetary systems with the creation of the euro, a currency rebuild communities without going to

11 European countries in 1999, a small but growing number of communities in the United States and Canada are digging small monetary moats around their towns and villages... In more than 60 municipalities,

groups of citizens, some with broad political agendas to increase local activism, others looking to keep money in their economically troubled communities, have begun printing and issuing their own currency.

In Hot Springs, North Carolina, much business is done in Mountain Money. In Halifax, Nova Scotia, there are Maritime Hours, In Bolinas, California, a bit of trading is done in Sand Dollars.

Here in New England, as well as in New York state, a peppering of towns have well-entrenched systems of local currencies or, in some cases, fledgling efforts just taking shaky wing.

"This is a way people are using to

that is scheduled to start circulating in Washington, or to their local governments," said Lewis Solomon, a law. professor at Georgetown University who has studied both the economics and legalities of local currencies.

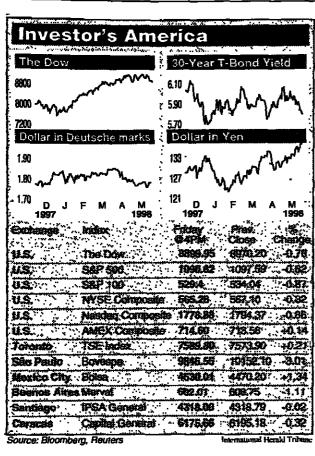
The foundation of this is that the U.S. currency is not backed by gold, but bytrust. In the same way, local currencies' are backed by community trust, by goods. and services in the community.

Crucially, Mr. Solomon said, such currency systems are perfectly legal in the United States, because there are no laws; barring citizens from issuing their owncurrencies in their communities. But the Internal Revenue Service requires that all earnings in these currencies be declared in U.S. dollars for tax purposes.

Willimantic sits hard against the rush of the spring-swollen Willimantic River In the last century, that river brought industry here, its waters driving the great water wheels of American

See MONEY, Page 15

THE AMERICAS



Very briefly:

 BankBoston Corp. agreed to pay \$800 million for BankAmerica Corp.'s securities unit, Robertson Stephens, to pick up clients in fast-growing industries.

• AlliedSignal Inc. plans to repurchase as much as \$2.2 billion of its common stock during the next two years, using cash flow from operations to finance the buyback. The company said that at the stock's current price, which was at \$43,375 in late trading, repurchasing shares was more attractive than most acquisition opportunities.

• Toyota Motor Corp. of Japan plans to export its new gas-electric hybrid car to the United States by the end of 2000. The Prius, which can get 66 miles to the gallon in test drives, is powered by electricity at slow speeds and switches to gasoline

• Price Waterhouse and Coopers & Lybrand LLP announced that the name of their combined company, the world's biggest accounting firm, will be PriceWaterhouse-Coopers. The new name will take effect July 1. The companies received final European Union clearance for their planned merger on May 20.

. Ameritech Corp. and the International Brotherhood of Electrical Workers have reached a tentative, five-year contract a month before the expiration of the current agreement, AP. Bloomberg, Reuters

Bay Networks Plans to Restructure

SANTA CLARA, California - Bay Networks Inc. said Friday it would restructure its business units to cut costs amid concern the struggling computer-networking company would have difficulty meeting earnings expectations for the quarter. Bay will combine its Internet and Telecom Business Group,

which sells computer switches and routers to phone companies and Internet service providers, and its Enterprise Business Group, which sells to large corporations.

AMEX

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Mark Slips Over IMF's Russia Aid

NEW YORK -- The dollar rose against the Deutsche mark Friday after the International Monetary Fund failed to go as far as had been hoped in its role as Russia's economic savior. On completion of a review of the beleaguered Russian economy, IMF officials in Moscow recommended

package be released. But the Fund said new loans would not be necessary. This reawakened fears that market turmoil would continue and that the troubled ruble would remain a

that an installment on an existing loan

FOREIGN EXCHANGE

devaluation target for some time to come. Trouble in Russia tends to weigh on the Deutsche mark because Germany has extensive economic ties with Moscow.

"Russia has been on everyone's mind for the entire week," said Kevin Lawrie, global foreign exchange manager at Mellon Bank. The dollar was quoted at 4:00 P.M. at 1.7860 DM, up from 1.7810 DM Thursday. The dollar was quoted at 5.9900 French francs, up from 5.9710 on Thursday, and at 1.4844 Swiss francs, up from

\$1.6302. up from \$1.6280. The dollar also has been drawing funds since Pakistan conducted nuclear tests on Thursday.

.4758. The pound, was quoted at

"Uncertainty favors the dollar, so until you see things subside around the globe - Pakistan, Russia, you name it — the dollar is going up," said Robert Fullem, head currency salesman at NatWest Global Financiai Markets.

The dollar rose against the yen after data showed that Japan's jobless rate rose to a post-World War II record, underscoring the country's gloomy economic prospects. The unemployment rate jumped to 4.1 percent in April as companies that faced slumping sales eliminated full-time jobs. The dollar was quoted at 138.85

yen, up from 138.75 Thursday. It will be difficult to reverse the yen's weakness as long as Japan's interest rates remain low and its economic ills aren't adequately addressed," said John Monckton, an asset manager at Legal & General Investment Management in London.

But in Tokyo, Finance Minister Hikaru Matsunaga said Japan was watching the yen with "strong concern" and would take "decisive" measures to stem its decline.

(Bridge News, Bloomberg)

An Index of Good and Bad News From Asia

By John M. Berry

WASHINGTON - Asia is sending a message on commodities prices, and it is good news for inflation and consumer spending power, but bad news for corporate profits.

Six years ago, when the United States was plagued by a slow, halting recovery from the 1990-91 recession and the U.S. jobless rate was nearing 7 percent, commodities prices were

This week, with unemployment at 4.3 percent and economic growth over the past 18 months only a notch below 4 percent, the Journal of Commerce index of industrial commodities prices was almost precisely where it was in May 1992. So what gives?

As usual in economic matters, the answer is a complex mixture — this time, the elements are economic turmoil in Asia, massive investment in new production capacity in the United States and other parts of the globe, and heightened competition among producers. The high value of the U.S. dollar, the currency in which many commodities prices are quoted in world trade, has also played a role.

The 17 industrial commodities prices in the Journal of Commerce's closely watched index fluctuated within a limited range in 1992 and 1993, then took off as U.S. economic growth surged in 1994. In response, the Federal Reserve Board doubled its target for short-term interest rates to 6 percent from 3 percent in a successful effort to cool things off.

That cooling, which had more than a few analysts predicting that a recession would hit in

began a steady slide that turned into a plunge in the autumn when the economic and financial troubles in Asia reached the boiling point.

The drop in commodities prices has played a major role in holding down U.S. inflation and has allowed the Fed to hold in-Falling Prices terest rates steady in the face of rapid growth and the Journal of Commerce industrial lowest unemployment rates

in nearly three decades. Analysts at International Strategy & Investment, a New York financial advisory and money-management firm, regularly survey companies in a range of industries, including manufacturing, about strength of demand for their products and their "pricing power." On a scale of zero to 100, firms are asked to rate their ability to increase prices and make the higher prices stick.

triggering a slump. Remarkably, when U.S. it's bad news for corporate profits, capital growth strengthened in 1996, commodities prices did not turn upward again. Instead, they becan a steady clifforthan transfer and the strength of the st

exceeds demand." The same message is being spelled out by other commodities prices indexes, such as the

Bridge Commodities Research Bureau index, which reached a fourand-a-half-year low this week. Like the Journal of Commerce index, it covers 17 commodities, but with heavy weights for

agricultural products. With growth slowing sharply in China, Singa-pore and Hong Kong, at a standstill in Japan, and collapsing in South Korea and Indonesia, commodities prices are being affected not just by the current level of demand but also by traders' perceptions of what lies ahead. The region, which appeared to be on the verge of stabilizing, has taken another turn for the worse and taken commodit-

Then there is the United States, the bastion of solid growth. Exports of U.S.-made goods have faltered since the start of the year, because of falling demand in Asia. As a result, manufacturing output has been flat while businesses' stocks of unsold goods have been increasing in what many

This week, International Strategy & Investment told its clients that its ies prices with it. survey of manufacturing companies showed that their pricing power "has collapsed." The reading fell to 12.5, a level about half what it was at the beginning of the year and far below a peak of more than 60 early in 1995. "This is good news for inflation and real consumer pricing power," the firm said. "But analysts regard as an unsustainable pace. 1995, capped commodities prices, but without

Long-Term Profit Outlook Dogs Wall Street

NEW YORK - Stocks finished mixed Friday amid growing worries about how much the political and economic turmoil in Asia will hurt American business.

The Dow Jones industrial average closed down 70.25 points at 8,899.95 and the Standard & Poor's 500 index finished 6.77 points lower at 1,090.82. But advancing issues outnumbered declining ones by a 7to-5 ratio on the New York Stock Exchange.

'Things have to calm down in Asia before investors become more aggressive," said Joseph E. Stocke, a money manager at Meridian Investment Co.

Short-term investors are concerned that global events like the tensions between India and Pakistan or the Asian economic crisis could heat up over the weekend when U.S. stock markets are closed, traders said.

Myers, a trader at Interstate/Johnson Lane in Atlanta. If you're an investor, "you're looking to reduce

your potential exposure to risk." The Treasury bond market was the beneficiary of the overseas jitters as investors sought a safe place

U.S. STOCKS

to park funds. The price of the benchmark 30-year issue rose 9/32 point, to 104 16/32, sending the yield down to 5.80 percent from 5.82 percent Thursday.

Technology stocks were the big losers, since many of those companies have extensive Asian exposure. International Business Machines fell 1 13/16 to 1181/4, Intel lost 2 1/16 to 71 7/16 and Dell dropped 2 7/32 to 82 13/32.

ATMI fell 5% to 18 on concern that the company's sales of materials used to make computer chips "It's the weekend," said Dong will be hurt by Asia's economic

problems and a slowing semicon-ductor market. the largest U.S. railroad company said it would post a loss for the second ductor market.

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95

1,778.89. Icos was the most actively traded

anti-impotence pill had fewer side effects than Viagra Pfizer, which makes Viagra, fell

134 to 1043/s. Centocor fell 21/2 to 39 as investors questioned the potential of ment-services provider could lose the company's Avakine drug, which some business on Thursday won the backing of an

to 2 1/32 after its independent auditor said there was substantial doubt about the ability of the operator of Boston Market restaurants to con-

tinue as a going concern. Union Pacific fell 11/4 to 483/s after

The Nasdaq composite index quarter, a surprise to analysts who closed down 15.73 points at had been expected strong earnings.

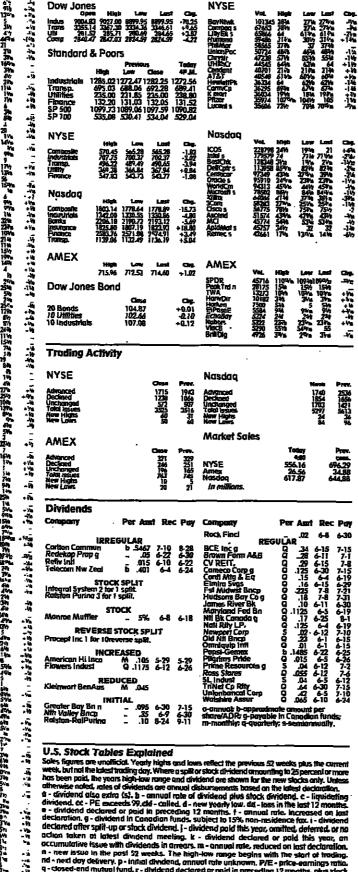
Remec fell 61/2 to 141/4 as the designer and manufacturer of microwave U.S. issue, rising 4 13/16 to 21 1/16 systems warned investors and analysts after Business Week, citing Medical that some of its commercial wireless Technology Stock Newsletter, said customers were delaying orders and . the biopharmaceutical company's that revenue has slowed.

Access Health fell 11/4 to 251/4 as one of its major clients, Humana is being acquired by United Health-Care, raising concern that the health-information and manage-

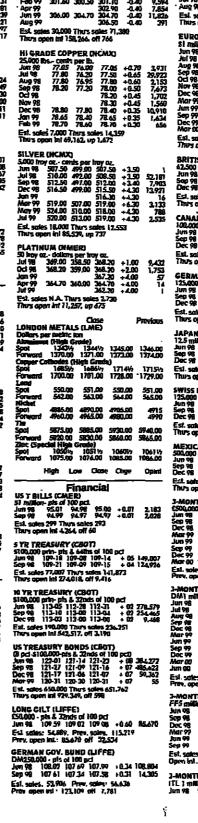
Carnival fell 1 13/16 to 67 11/16 expert government panel. after the world's largest cruise op-Boston Chicken dropped 1 3/16 erator said it had completed its acafter the world's largest cruise opquisition of the Cunard Line.

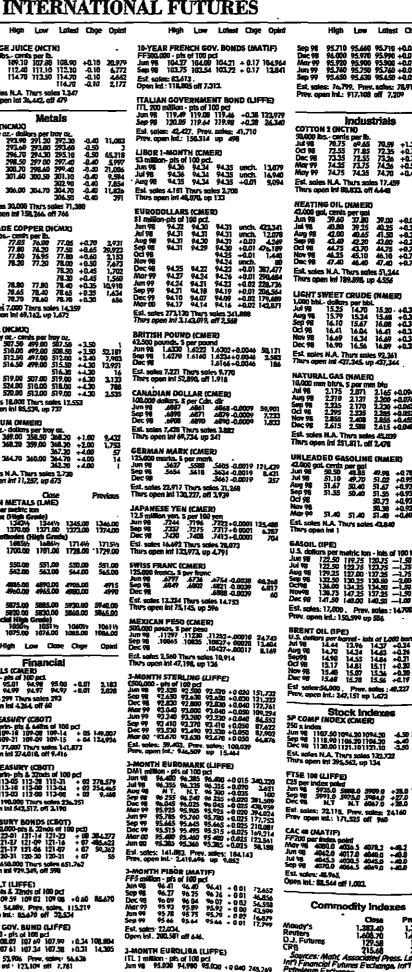
Dow Jones rose 1 3/16 to 481/s as the business-news and information ' provider said it would buy back as much as \$300 million of its shares. (Bloomberg, AP)

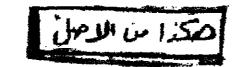
U. S. STOCK MARKET DIARY



PORK BELLIES (CMER) 40,000 bts. cents per ib. Jul 98 90,60 48,35 50,57 Aug 98 42,72 44,75 48,27 Feb 99 52,90 51,60 51,60 Est soles 1,605 Thus soles 2,171 Thurs open and 6,642, up 110







Unemployment in France Declines to 11.9% Computed to Unemployment in But the unemployment rate remains one of the highest in Europe. PARIS — Unemployment in Mains one of the highest in Europe. Philippe Dauvin, chief economist of Philippe Dauvin, chief economist of 373,000 jobs created in the United States, five period in the United States f

day showed, as quickening growth prompted companies to hire.

The jobless total fell by 13,100 people, or 0.4 percent, from March, to 2,976,700, the Labor Ministry said. It was the eighth consecutive monthly decline and put the jobless rate at its

lowest level since January 1996. The Socialist government that came to power in June 1997 has taken credit for the improvement in the economy in the past year, with economic growth aimed at 3 percent

The government has said reducing unemployment is a priority, but the decline so far has been slow.

Nonetheless, recent reports have shown an increase in consumer spending, and a separate report Friday showed that bankruptcies fell 28 percent in March from February, with fewer companies in all industries going out of business.

mains one of the highest in Europe, and the Organization for Economic Philippe Dativin, chief economist of 373,000 jobs created in the same Cooperation and Development is STMicroelectronics NV, Europe's

> the age of 30 in five years and it has to get around rigid labor laws and pledged to cut the workweek to 35 hours from 39 - a move it says will people, although even the most optimistic forecasts say this will only shave about one percentage point

off the jobless rate. The French economy created

"Everywhere we see confirma- 73,000 jobs in the first quarter, the period in the United States, five times forecasting an average jobless rate second-biggest computer-chip more than in France for a population of 11.9 percent for the year, although maker — which plans to hire more that is four-and-a-half times bigger. this is below the 12.4 percent rate registered in 1997. The government has committed in temporary jobs. "Many French itself to hiring 350,000 people under employers use short-term contracts

> high costs," an analyst said.
>
> Manpower Inc., a temporaryforce companies to hire more work agency, said the number of make U.S. acquisitions. requests for temporary workers rose 41.2 percent in April from the yearearlier period, and were up 16 percent in the first four months of the for Bank of the West, California's (Bloomberg, AFP)

BNP Links U.S. Unit to Hawaii Bank Bleamherg Year

PARIS - Banque Nationale de Paris agreed Friday to combine its BancWest Corp. unit with First Hawaiian Inc. in a \$1 billion transaction, expanding its presence outside France and creating a way to

First Hawaiian said it would pay BNP 25.9 million shares for all of BancWest, BNP's holding company fifth-largest bank. That gives BNP a 45 percent stake in First Hawaiian. which will be renamed BancWest. The value of the transaction is based on First Hawaiian's average stock price over the previous 10 days.

The combined company will have \$14 billion of assets, 205 branches and 800,000 customers in Hawaii, Northern California, Oregon, Washington, Idaho, Guam and Saipan. It allows BNP to further diversify from consumer banking at home, where overcapacity and stiff competition

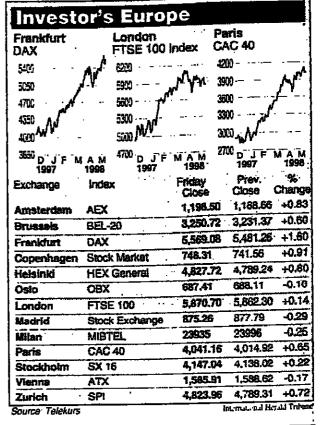
have squeezed profit margins. "With the French retail market offering so little scope for expansion and profitability. BNP is looking elsewhere for profit, "said Stephane Arrouays, a banking analyst with

Natwest Securities.
The combination with First Hawaiian will allow France's thirdlargest bank to develop in the western United States and the Pacific

region.
The combination is expected to cut \$41 million in annual expenses after the merger, or 9 percent of the total. The combined company will cut 400 jobs, or 8 percent.

BNP also offered Friday to buy the remaining 18 percent of its other foreign retail bank, BNP Intercontinentale, which operates in the Middle East and the Pacific area, for 1.1 billion francs (\$184 million) in

High Low Close Prev



Very briefly:

· Fortis, a Belgian-Dutch bank and insurer, said it would not sell its 35-percent stake in Generale de Banque SA of Belgium to ABN-AMRO Holding NV, which has made a \$12.1 billion stock-and-cash offer for the bank, outbidding Fortis's \$10.6 billion all-stock offer.

• Commerzbank AG's first-quarter pretax profit rose 16.7 percent, to 962 million Deutsche marks (\$540.1 million), led by gains in interest and commission income.

 Germany's new orders to the plant and machinery industry fell an inflation-adjusted 8 percent from a year earlier in April. their first decline in 11 months, as both export and domestic demand slowed after surging at the beginning of the year.

• Portugal's finance minister, Antonio Sousa Franco, said the privatization of the country's two bourses in Lisbon and Oporto should be completed by the beginning of 1999.

• Pro Sieben Media AG, a German television broadcaster, said net profit slipped 38.49 percent last year, to 104 million DM.

• Unigate PLC, Britain's second-largest milk processor, ended talks to buy Hillsdown Holdings PLC for £1.6 billion (\$2.6 billion), saying it could not agree on future prospects for Reuters, Bloomberg

Danes Lower Rates After

Vote on EU

COPENHAGEN -- Denmark's central bank surprised financial markets Friday by cutting key interest rates by a quarter percentage point the day after Danes voted in a referendum to back an EU

treaty. The bank lowered the certificate of deposit and repurchase rates, with which it fine-tunes short-term interest rates and liquidity in the banking system, by 0.25 point, to 4 percent, with immediate effect.

It also cut its discount rate to 3.75 percent from 4.00 percent.

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"The clarification of the situation after the referendum creates conditions for cutting the central bank's rates." the central bank said in a statement.

Danes voted Thursday to ratify the Amsterdam Treaty — a blueprint for the EU's future as it prepares to take in new members - by 55 percent to 45 percent.



BRANSON ON THE MOVE - The British entrepreneur Richard Branson in Rome on Friday with a Fiat tilting train of the sort that he is buying for Virgin Rail in Britain. He also said Virgin Express, his short-haul airline based in Brussels, would open a second hub in Rome.

Some analysis had expected the central bank to hold off lowering rates until after the government unveiled an austerity package, which was expected to trigger an inflow of foreign currency.

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"It was a swift move and you mussen said the cut was a signal of can say that in that respect it sur- central bank confidence after the prised us slightly." said Jens Dalskov, chief analyst at Den Danske

referendum, and of its expectation that the government would stand by the responsible economic policy Prime Minister Poul Nyrup Ras- conducted so far.

WORLD STOCK MARKETS

Friday, May 29 Amsterdam

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Nationwide prices not reflecting late trades elsewhere. The Associated Press

12 Month High Low Stock

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| 12 Month | High | Low | Congress | 14 | 2023 | 2014 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276

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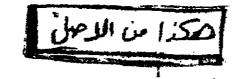
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ASIA/PACIFIC



Tokyo Postpones **Digital TV Start**

Reusers TOKYO — Japan has decided to delay the official launch of digital television broadcasting by three years to 2003, officials said Friday

After a year of debate, the Posts and Telecommunications Ministry said it expected stations to start digital service in the Tokyo, Osaka and Nagoya urban areas by 2003 and in other areas by 2006. It called on stations to start experimental service in the Tokyo area in 2000.

The ministry said it delayed the official launch because of protests from broadcasters about the high cost of switching from analog service.

We acknowledge difficulties broadcasters face in investing," an official said, saying that capital spending could total 1 trillion yen (\$7.3 billion).

The launch date is sensitive because digital television will provide opportunities for other high-technology companies.

Seoul Turns Up Heat on Labor Leaders

By Don Kirk

ULSAN, South Korea - In a sharp escalation of South Korea's labor conflict, the government said Friday that it would round up and prosecute 143 union leaders for this week's nationwide general strike, nouncing fresh strikes in less than two weeks

"We will have a long battle and strike this summer," said Chun Chang Soo, vice president of the Ulsan Council of the Korean Metal Workers' Federation, part of the militant Korean Confederation of Trade Unions, the umbrella group for about 600,000 workers in South Korea.

"There will be violence again on the streets of Ulsan," Mr. Chun warned. He was referring to the confrontations between thousands of workers and policemen that shook this industrial city on South Korea's southeastern coast in the late 1980s and early 1990s.

Union leaders here vowed that the sacrifices themselves before disworkers would conduct a tough, missing workers.

open-ended strike beginning June ers but also to force the government to increase unemployment pay.

arrest of the Hyundai union chief, corporations to turn the country's Kim Kwang Shik, as the main force insolvent economy around. behind the walkout on Wednesday Hyundai executives said while the unions retaliated by an- and Thursday, union militants re- hoped to persuade union members sponded with a call to factory barricades as early as next week if the for the good of the majority. government actually makes good on its threat.

> A spokesman for the Prosecutor General's Office said, "If the 143 people refuse to continue responding to summonses, prosecution authorities will take out arrest warrants for them, investigate and indict them."

More than 100,000 workers staged a crippling general strike Wednesday and Thursday, shutting down production of South Korea's export industries. Unions are demanding an end to plans for massive layoffs and are calling on the nation's huge conglomerates to make

10 in a campaign not only to stop high potential of violent social con- \$50 million last year, he added, the dismissals of 8,000 Hyundai work- flict, are the growing doubts among company will go into the red this foreign investors that Seoul will be able to make the necessary reforms Galvanized by a summons for the in its labor markets and debt-laden

> Hyundai executives said they still of the need to dismiss some workers

> In the executive offices overlooking the sprawling facility where Hyundai produced its first cars 30 years ago, Chung Dal Ok, senior vice president in charge of the plant, said he hoped workers would eventually understand that "many more will suffer" unless some lose their jobs.

> "To prevent our situation from getting worse, we have to take ac-tion," said Mr. Chung, acknowl-edging a "terrible" market performance by most Hyundai cars.

The company, Korea's leading motor vehicle manufacturer, has dropped its production target this said Daewoo was in talks with the year to 900,000 vehicles, he said, South Korean government to acafter having produced 1.1 million quire Korea First Bank.

Bread to willing customers.

to let people know that they

working for them," Ms.

ers of the Downtown Busi-

goods and services.

Nicolino said.

At risk in new strikes, besides the vehicles in 1997. After netting only

Only one assembly line, that of the Atoz mini-car, was humming both night and day, said Mr. Chung, while some lines were moving only three days a week or less. Domestic sales are down 45 percent since January.
"We have to improve our quality

as well as our manufacturing costs,"
Mr. Chung said. "Right now, we have a morale problem, but that will change soon.

Mr. Chung meets Monday with Kim Kwang Shik and other leaders of the Hyundai Motor union, but there was little chance he would win acquiescence to layoffs.

■ Daewoo Talks on Bank Buy Daewoo Group is seeking to acquire ailing Korea First Bank, a local paper said, Reuters reported.

The Seoul Shinmun Daily's Saturday edition, seen late on Friday, said Daewoo was in talks with the

Investor's Asia Singapore Hong Kong Tekye Nikkei 225 Straits Times Heng Seng 11000/ 16400 15200 9000 Hang Seng 8,933,56 8,877,94 1,254.93 1,264.02 2,715,70~271460 All Ordinaries 15,670.99 15,790.95, 40,81 538.24 - 544.74 Kuala Lumpur Composite Bangkok SET Seoul Composite Index 316.63 > 323.08 "Composite Index: 4,29,485; A14.22" Wellington NZSE 46 2,18128 2,19120 4 Sombay Sensitive lodex 3,686.39 3,724.93 4,9

JAPAN: Fewer Jobs, Increasing Economic Woes

Continued from Page 1

ations within Asia, as other Asian countries seek to weak-en their currencies to compete American methods, could ac-Asian countries seek to weakagainst Japanese exports or tually be twice as high. economic pressures bring about such devaluations.

"It certainly could get to 150," said Peter Morgan, an economist at HSBC Securities Japan Ltd. "The funda-mentals don't look close to a reversal" in the currency trend, he added.

Meanwhile, Parliament fi-nally passed bills Friday that will relax the fiscal austerity law and allow the government to spend more on the & economy and implement tax cuts to spur growth. As part of an economic package worth more than \$120 billion, pub- moving rapidly toward it. lic money will start trickling into the economy over the summer, and officials are counting on it to alleviate the economic problems.

ployment rate nearly as high as year, show a slight dip. that in the booming American economy. But Japan's rate is prices would lead to even calculated such that anyone lower profits, rising unemhour in the final week of the ment by corporations. This in stimulus package.

mists say that unemployment,

After the record unemployment statistic was released.

We are in the early stage of a deflationary spiral.'

Economists say Japan does not yet seem to have entered a deflationary spiral but is Corporate profits and housing starts are falling, in-

ventories are rising, and the government released statisconomic problems. tics Friday on consumer The figures released Friday prices that, if adjusted to be make Japan's official unem- comparable to those of last

The fear is that declining

month is considered fully em- turn would further hamper ployed. Thus, some econo- overall demand and consumption, which would then

help further depress prices. "I think we are in the early stage of a deflationary spir-' said Haruo Shimada, an economics professor at Keio University. "It may very well

come this year.' The Economic Planning economic policy-making arm, also may finally public acknowledge, possibly next month, that the economy is in a "downward phase," acyields on the benchmark 10-year bonds fell to an all-time miuri Shimbun, a leading national Japanese daily.

Economists have been pointing out for months that the economy already is in a recession, but until now the government has been describing the economy as simply 'sluggish" with the "severity getting worse."
The uncertainty means that

expected to flow into the economy soon from a fiscal stimulus announced by Prime Minister Ryutaro Hashimoto, there are already murmurs who has worked for even one ployment and weak invest- about the need for another

MONEY: Towns Bank on Their Own Currencies Continued from Page 11

Thread Co., once one of the nation's largest thread makers. But in the 1980s, the last of the mills closed.

A group of citizens decided that they should do something besides wait for the state to pump millions of dollars into the town. So last summer, Agency, the government's Donna Nicolino, the director of a local arts council, gathered about a dozen people, including a business consultant, the manager of the local food cooperative and some faculty members from the local college, Eastern Connecticut State University, and decided to print their own money. They called it Thread City Bread.

"There were a lot of businesses opening up on Main Street and then closing down," Ms. Nicolino said. 'It's hard to be a small business person in this town. So sents the interests of local Hours in circulation. while about \$120 billion is we thought this was a way to merchants, spending the local keep the wealth in the com-

> Most systems using local all businesses accept it. currencies peg each unit, also called hours, at a value of \$10, roughly keyed to double the

Under the system of local found a landscaper who would take 25 percent of his money used in Willimantic and elsewhere, the local cur- fee in the currency.

rency is distributed in a ri-Willimantic's experiment gidly controlled manner to with local currency is barely a businesses and service proyear old and some people viders who agree to particthere think it has a long way to ipate. Those businesses can go before it is widely accepted. In Ithaca, however, the give change in Thread City system is deeply embedded in The businesses will also the community.

Founded by a bearded, accept the local currency for graying environmentalist named Paul Glover, the Ithaca up to 100 percent of their The business people often Hours currency is accepted at use the local currency in one more than 350 businesses in

another's businesses, much the town of 30,000 people. like a barter system. "This is "We're looking for control over our local economy," have some alternative to the Mr. Glover said. dollar economy if that isn't 'People are less comfort-

able with control of their economy by distant elites who will invest or disinvest at the snap For business people like Ms. Wollner, the restaurant of a finger without concern for the fate of communities.' owner who is one of the lead-So far, there are the equiv-

alent of \$65,000 in Ithaca ness Council, which repre-Monica Hargraves, a former currency they take in is not economist at the Federal Re-

necessarily easy because not serve Bank, who is a key member of the Ithaca Hours ad-A local directory lists visory board, said, "It's trust about 100 businesses and in-dividuals who will take the the confidence that people will bills. Ms. Wollner recently accept Ithaca Hours."

Very briefly:

• Mitsubishi Chemical Corp.'s group net profit was 5.6 billion yen (\$40.9 million) in the year that ended March 31, compared with a loss of 11.97 billion yen the previous year. Aggressive cost cuts offset a 3 percent decline in parent sales, to 1.05 trillion yen, but the company warned that gains would slow this year due to the Asian economic crisis and domestic

• Japan's Parliament enacted economic stimulus legislation, including income tax cuts totaling 4 trillion yen over the next two years and a delay in budget cuts.

• Thailand's trade surplus shrank to \$1.12 billion in March from \$1.14 billion in February, the central bank said, while manufacturing output dropped 21.2 percent from March 1997. · China's Civil Aviation Administration has ordered domestic airlines to restrict expansion, but an official refused to say whether carriers would need to cancel or delay plane orders. • OzEmail Ltd. shares finished at 3.30 dollars (\$2.05) on the first day of domestic trading for the Australian Internet service provider. The 3 million shares had been priced at 2.57 dollars. • Malaysian Airline System Bhd. posted a loss of 259.9 million ringgit (\$67.4 million) in the year ended March 31, compared with a profit of 333 million ringgit the previous year, as foreign-exchange losses totaled 718.4 million ringgit.

• Japanese vehicle exports rose 4.9 percent in April, to 380,113 units, from a year ago. Reuters, Bloomberg, AF

JAL Says It Expects to Reverse Loss

TOKYO - Japan Air Lines Co. said Friday it expected to post a profit this year after announcing a wider loss for the period just ended."

The airline posted a loss of 94.19 billion yen (\$67.9 million) for the year ended March 31, compared with a loss of 9.24 billion yen a year earlier. The results are for the parent company. JAL said it aimed to post a profit this year by focusing on its core business and selling some of its affiliated hotels.

INDONESIA: Suharto's Corporate Empire Begins to Crumble

cedures for approving invest-ments would be streamlined, was suspended last week. The moves accorded w

lic and would be available on the basis of merit, rather than being handed out, as in the past, as presents to Mr. Suharto's family members.

On a third, he said factories would be allowed to open ulations were obeyed, rather poses on the people." than being restricted to special industrial zones owned

mon of disoursements of

ending a long tangle of red the thrust of reforms deman-fluence, and a number of famtape that allowed Mr. ded by the international com- ily holdings came under pres-Suharto's family members to munity to bring fairness and sure this week. step in as silent partners, at openness to an economy that

lusion and nepotism."
"We can only hope things will develop in the best way,"
Mr. Neiss said. "We are concerned with reversing the eco-nomic decline and alleviating anywhere, as long as land reg- the hardships that this im-Economic analysts said

this would be a long process. by favorites of the Suharto Even with the institution of reforms, they said, bank-These moves were an ruptcies, bank closures, un-These moves were an ruptcies, bank closures, unteller machines of the bank nounced as the Asia director employment, inflation, rising had been prime targets of rifor the International Mone-tary Fund, Hubert Neiss, met would squeeze the country's nervous depositors staged a trolled by the family pay a

ded energy On one front, he said pro- a \$40 billion aid package that recovery of the Suharto money and the removal of his The moves accorded with children from positions of in-

The accumulation of antihuge fees, to smooth the way. has been drained by what In- Suharto initiatives this week On a second, he said tax donesians — including Mr. seemed to signal the start of holidays would be made pub. Habibie — are now calling a an accelerating revolution system of "corruption, col- against the country's entrenched power structure.
On Thursday, the central

bank, Bank Indonesia, ordered the government to take control of Bank Central Asia, which is owned by Mr. Rukmana's wife, Sin Hardiyanti Ruk-mana, and her oldest brother, Sigit Hardjojudanto, as well as by Mr. Suharto's close friend, Liem Sioe Liong.

Branches and automatic with government officials 210 million people for run on the bank this week as and public figures here to asthey saw the Subarto family ing building permits.

Continued from Page 1 sess the prospects for a re-In other attacks on the fam-

ily's sources of wealth this the government scrapped tap-water deals with two joint venture firms controlled by Mr. Sigit and Mr. Liem and announced a review of contracts with the state oil company, Pertamina, that had favored the Suharto family.

The Jakarta Post newspaper reported Friday that at least 120 companies that contracted with Pertamina were owned by the Suharto children or their associates. These hicrative concessions often returned little profit to the state-owned company, while producing windfalls for the family middlemen.

power in Indonesia was shifting, the Post also reported that Jakarta city officials were de-\$1.86 million fine for violat-

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On June 8th. the International Herald Tribune will publish a Special Report preview of



or the expect and the uninitiated, the Special Report will not only provide insight and analysis on the teams, the stars and the competition that will unfold on the field. It will also include useful tips and background aimed at helping visitors make the most of their stay in France outside of the stadiums.

Rob Hughes, the IHT soccer columnist and one of the most provocative writers on the sport, will look ahead to the five weeks of twists and turns to the World Cup Final, examining the contenders and pretenders.

John Vinocur, the IHT's Chief Correspondent and a lifelong student of the game, will look beyond the corner kicks to the metaphor that soccer has been and remains, a point of cosmic global spectacle.

Christopher Clarey, the globetrotting IHT sportswriter, will bring his pinpoint descriptions to the report, looking at the hosts, an international team for an international event and a symbol of the French melting pot.

Patricia Wells, the IHT's renowned restaurant critic, and Barry James, a veteran IHT correspondent, will team up to offer visitors a touch of history and a taste of smart touring and dining tips for all of the World Cup host cities.

The Special Report will also include a full schedule of World Cup matches throughout France, with an accompanying map, and a concise guide to the television stations around the world planning to broadcast World Cup matches.

For more information about advertising in this Special Report, please contact Bill Mahder in Paris at (33-1) 41 43 93 78 or fax (33-1) 41 43 92 13 or e-mail: supplements@iht.com.



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Website: www.int.com/IHT/MONEY

Underfollowed Stocks Let Investors Stray From the Beaten Path

LOT OF EQUITY investing is done by the numbers these days. Analysis predict corporate earnings per share and investors hid for stocks at prices that reflect accepted industry-wide and national multiples to those profit forecasts. The multiples can change quickly, giving a lift to prices when optimism rises and putting vicious downward pressure on stocks in troubled times.

At the heart of this system are the average earnings projections collated by companies such as First Call Corp., I/B/E/S International Inc., Nelson Information Inc. and Zacks Investment Research Inc. If a company is too small, new or infrequently traded to catch the eyes of analysts.

up in the screening processes used by investors

seeking bargain valuations based on earnings. Being small, new or infrequently traded, the stocks also will not qualify for inclusion in most stock indexes, which some investors and funds try to replicate by purchasing their underlying shares. So there is a smaller pool of potential buyers for underfollowed stocks than for their higher-profile brethren, a natural mechanism for keeping prices relatively rational during periods of market exuberance.

Underfollowed need not mean unknown, however. There are other ways to find out about

its earnings will not appear on these services. stocks, from poring over government filings to These underfollowed stocks thus will not show checking out hot new products at the local mall. Many analysts have a favorite or two that their competitors do not follow; in their port-

folios, money managers often hold equities that are not well researched. Of course, investing on the basis of one person's opinion is riskier than obtaining advice from several sources, but the potential rewards of relatively obscure stocks can be high. The Money Report's correspondents checked with

analysts and investors around the world to bring you their picks this week. We also combed the Internet and found World Wide Web sites that

offer information about these issues for investors who want to follow the world's underfollowed

THE CANADIAN SPECULATOR. A weekly newsictor published by Stockhouse Online Journal that seeks om judior Canadian companies with the potential todouble or triple in price over three months. The Canadian Speculator says it is not compensated by the companies profiled, but will invest in them from time to time. A yearly subscription to the newsisters in SEO. Web site was samadan, speculatoring stockhouse com

• ELROCAPITAL, Uses various mechanical stock-trading analyses to track slocks, some more common than others, from seven markets: Frankfurt, London, New York, Paris, Stockholm.

Tokyo and Zurich, Every day it features a boy-and-sell guide that focuses on nine stocks. The information is free Web site: apptial pp.3.2

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Asia: Finding Oversights

A Few Choices That Got Lost in the Turmoil

By Philip Segal

ITH THE shakeout in the business brokerage throughout Asia, many small-capitalization stocks have simply fallen off the radar screens of houses that either fired analysts or found that skittish foreign investors demand liquid securities that they can easily sell. During the market panics that began last summer, it has been hard to get out of some of Hong Kong's large companies. On bad days, small stocks trading at expensive valuations can fall 30 percent or even 50 percent in a matter of hours.

Still, there are a few stocks around with transparent businesses that have maintained healthy looking fundamentals and have performed well relative to the rest of the market. For investors confident that the Hong Kong dollar will maintain its value against the U.S. currency for the next several years, the following stocks bear examination. These shares would look even cheaper to foreign investors who might buy if the peg is broken.

For those wary of a lot of debt on the balance sheet in these perilous times. consider the freight forwarder Baltrans Holdings Ltd. When you call this company, which has no active analyst coverage, the secretary passes you to Chairman Anthony Lau, who cheerfully comes to the telephone (he is also the head of the local freight-forwarders' association). A Hong Kong chief executive officer who does not disappear for an entire year between brief annual meetings is an unusual enough phenomenon, but the company's numbers are also worthy of examination.

-With a dividend yield of 10.63 percent, Baltrans is trading at four times last year's earnings and at a 30 percent discount to book value. It has a debt-to-Common equity ratio of 16 percent and over the past year has underperformed the Hang Seng Index by 4.2 percent.

Even if Hong Kong exports stagnate. the company appears cheap. Although no analysts follow it, one who did but gave up because the market capital-Zation became too small — 187.5 million Hong Kong dollars (\$24.2 million) still spoke well of the company. He blamed the stock's low price on the relatively poor performance of the en-tire freight-forwarding sector, but within the industry it sticks out like sore thumb as being a very well-managed company." he said.

Nevertheless, with exports drying up in Asia, earnings at Baltrans fell 18 percent in the six months to Jan. 31. As the region recovers and trade expands. Baltrans will continue to deserve re-Tweed investor attention.

- A designer and maker of women's clothing in China, Hong Kong, Malaysia and Vietnam, Tungtex Holdings is almost debt-free, with a debt-to-equity ratio of just 2.5 percent. Its dividend yield is 13.99 percent, as it trades at 4.62 times Estimated earnings. Just one analyst ap-Bears to cover this stock: Frank O'Reilly of ING Barings in Hong Kong, who called it "ludicrously cheap" at 77 Hong Kong cents. It is now at 84 cents.

Last year, the stock outperformed the Hang Seng Index by 18 percent, and ING Barings likes the fact that it is a potential takeover target. The brokerage also said it expected earnings per share to rise by 28 percent for the current

The Bangladesh Fund

financial year. Fair value for the stock is 1.50 Hong Kong dollars, ING said. So why does Tungtex get ignored? A market capitalization equivalent to \$42 million keeps serious institutional investors

- and therefore analysts — away. Peter Milliken, an analyst at DBS Se-

The staff are very flexible as well, he added. "They're highly trained and can move into whatever area is facing the most demand at the time."

In Hong Kong, that will probably mean public housing, one of Hsin Chong's biggest strengths. The Hong Kong govemment may reconsider its plan to raise the number of public apartments it builds each year to 50,000 from 30,000, but is is unlikely to cancel all of the increase.

Mr. Milliken said he expected earnings per share of 20 Hong Kong cents in the year that ended in March and 27 cents in the year to March 1999. In the March 1997 year, earnings were 18 cents.

equity ratio; its liabilities doubled in 1997. Still, trading at a discount to book value, its dividend yield is 11.33 percent and the stock outperformed the Hang Seng Index by 6 percent over the past 12 months. It trades at a price-to-earnings ratio of 4.21 times this year's projected earnings.

Dropped by several brokerage houses in Hong Kong, Egana International (Holdings) Ltd. is now followed at Dharmala Securities Ltd. by Andrew Tang.

current chairman. Hans-Joerg Seeberger, and sells Asian-made watches and jewelry to Europe. North America and Asia. Fortunately, most of its income is in foreign currency these days, as it distributes products in 80 countries. Sales in Hong Kong, Japan and the rest of Asia combined are forecast this year to constitute just 27 percent of total revenues, according to Dharmala, which projected a 23 percent net profit growth in the current fiscal year.

Egana has the worldwide distribution rights for Pierre Cardin watches, and it is licensed exclusively in some markets to sell the Bulova, Raymond Weil and Cerruti 1881 brands, among others.

common equity ratio of 78 percent.

Egana is listed in Frankfurt and has a new American depository receipt in the United States, but trading the stock in Hong

For further information: BALTRANS HOLDINGS trades in Hong Kong under the ticker symbol 562. Telephone. 852 2757 7111. Fax: 852 2795 3532.

investors stand to profit.

HSIN CHONG CONSTRUCTION trades in Hong Kong under the tocker symbol 404. Web ute: www.hsinchong.com

(NG BARINGS Telephone 852 2848 8488.
TUNGTEX HOLDINGS trades in Hong Kong under the ticker symbol 518.

curities Hong Kong Ltd., said Hsin Chong Construction Group Ltd., a diversified construction company that does everything from foundations to superstructure to electrical work is "more complete than almost any other company" in its sector.

Hsin Chong has a 127 percent debt-to-

Egana was founded in 1978 by its

Trading at 50 cents a share, the stock is down just 9 percent in the year to date and is trading at 12.82 times this year's projected earnings. Better still, it was able to raise its operating margin in 1997 despite the Asian financial crisis. It has higher debt than some of the other companies mentioned here, however: a total debt to

Kong is best: The other listings sometimes go days without seeing a trade.

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EGANA INTERNATIONAL trades in Hong Kong under the theker symbol 48 and in Frankirul under the symbol EGA: 85 ADR symbol is EGNHY (seach ADR represents 100 common shares). The company also has a warrant that trades in Hong Kong under the symbol 703: if the stock price succeeds 68,18 Hong Kong cents before the warrants expire on June 30. Investors stand to profit.



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Americas: Eyeing Insiders

Costa Rican Bank Also a Target for Investors

By Aline Sullivan and Mitchell Martin

LAN GILSTON, a manager of the Oppenheimer Discovery Fund, looks at stocks in many different ways, seeking ways to screen equities that will show him patterns different than those seen by his competitors. In perusing insider transactions (purchases and sales by corporate officers and directors) he came across LodgeNet Entertainment Corp., a company that provides television programming in hotels.

The company's revenue base is growing "in the 20 percent range, and no one seems to care," he said. This "pseudo cable company" is not followed well by telecommunications analysts, Mr. Gilston said, and its cash flow is deceptively weak because it has been investing in a subsidiary called ResNet, which provides television services in apartment buildings. Mr. Gilston said LodgeNet was look-

ing for a partner for the residential service, and the company said it was making the operation a "self-funding, unconsolidated business unit in 1998."

That leaves the hotel business, where it shares a duopoly with Ascent Entertainment Group Inc.'s On Command Corp. Mr. Gilston said LodgeNet had newer technology, allowing it to match On Command's prices while maintaining a higher profit margin.

The technology issue might account for investor reticence: The companies are suing each other over patent infringement. LodgeNet's shares have languished at about \$11 in recent months, below the \$13 initial public offering price and the \$17.75 peak at the end of 1996. But recently, Mr. Gilston said, "insiders stepped up" and started to buy the stock.

Although insider sales can reflect factors other than the company's outlook, purchases made by those who run a company usually indicate they are confident that the stock will rise.

In Miami, the closed-end-fund specialist Thomas Herzfeld of Thomas J. Herzfeld Associates personally owns shares in

American Real Estate Partners L.P. 'It's an obscure stock because investors and analysts are afraid that it is at the mercy of its one large investor," he said. "But it is an interesting buy because it's selling

While the stock is trading at about

substantially below its book value.

\$10 per share, Mr. Herzfeld's broker, Louis Palace, president of FUND Securities Inc. in Miami and Staten Island. New York, estimated the book value was at least S17 per share.

Prospective investors in the investment trust based in Mount Kisco, New York, must be able to tolerate risk: The financier and sometime corporate raider Carl Icahn owns 74 percent of American Real Estate and is its chairman. The partnership's units, which trade like common shares on the New York Stock Exchange, slumped after the company announced on May 18 that first-quarter earnings had plunged 77 percent from the corresponding 1997 period, when earnings had been boosted by a one-time gain

from shares held in RJR Nabisco Inc. Corporacion Banex, the Costa Rican holding company that controls Banco Banex, is well worth watching, according to Walter Kisling, manager of the \$20 million Mesoamerica Fund in San Jose. It is fast becoming the biggest fish in its pond and a tempting target for foreign buyers.

"The race is on to become a regional banking power in Central America," said Mr. Kisling, who personally owns stock in Corporacion Banex. "In Costa Rica, we have about 25 banks, which is far too many. So there will be consolidation. Banex has already started: It bought Banco Continentale six months ago and made it clear that it is interested

in buying other local banks." But Banex, with about \$700 million in

assets, is not much larger than its rivals. "The winners will be the ones that can muster about \$3 billion or \$4 billion in assets through acquisitions and by selling stakes to bigger regional banks based in Panama or El Salvador," Mr. Kisling said. "They will then be big enough to appeal to foreign banks that want to expand in Central America, such as Dresdner or Banco Santander. For for-

eign buyers, Banex is the best bet here.' Banex is listed only in San Jose but there are no restrictions on foreign buyers. It was recently trading at about 8 Costa Rican colons, up from 6 a year ago.

For further information: FOF JUSTINE INFORMATION:

• AMERICAN REAL ESTATE PARTNERS trades on the New York Stock Exchange under the ticker symbol ACP.

• CORPORACION BANEX trades on the Sen Jone exchange under the tacker symbol CBANE. It can be purchased through local brokers: Mr. Kisling suggested Carlos Cholocruz, who speaks English; has telephone manber is 506 257 0572.

• LOOGENET ENTERTAINMENT Trades on the Nasdiaq system under the tacker symbol LNET. Web site: www.lodgenet.com.

• THE MESOAMERICA FUND, Telephone 506 220 1357, Fax: 506 290 5684,

Europe: Growth Scoping

Picks in Germany, U.K., Turkey and the East

By Conrad de Aenlle

EN COX, A portfolio maniger at Templeton Investment Management in Edinburgh, likes the shares of Plettac AG, Germany's leading maker of con-struction scaffolding, which have had little support since the post-unification housing boom ebbed in the mid-1990s.

Since peaking at 438 Deutsche marks (\$246) in the second half of 1995, they have fallen to a recent price of 278 DM, about 13 times this year's expected earnings, even as the German market has soared.

"This stock had a very good run-up post-unification, when there was a lot of construction work going on," Mr. Cox

"Since then, the stock has had a material de-rating," he added, using an investment-analysis euphemism for a plunge. "It seemed to be the case where forecast construction had stopped dead in its tracks, which was true, and that no building was going to go on in the future.

That has turned out not to be true, and, in either case, Plettac has branched out into other areas such as security systems. Mr. Cox said the stock looked undervalued, even when making "some pretty conservative assumptions about future growth."

Another stock he favors is McBride PLC, a spin-off of British Petroleum PLC that makes household goods such as detergent for British supermarket chains.

"It's quite a good story." Mr. Cox said. "Own-label products provide higher margins for supermarkets. They have been a growing part of the U.K. retailing scene for 15 years. It's not a booming market, but it's a growth

Soon after BP spun it off in 1995 at 190 pence per share (\$2.95 at the time), McBride ran into production problems that caused it to miss earnings targets set by the few analysts who covered it. The

stock fell to 120 pence. The combination of minimal earnings and minimal coverage by analysts was enough to attack the price," Mr.

"There was no one but the sponsoring brokers to defend the company," he added. "It's a unique stock in the U.K. market. We knew demand for their

products was growing."
Since bottoming at 117 pence last year, the stock has climbed to 192 (\$3.07). Even after the rise, it trades at 14 times this year's earnings, Mr. Cox said, compared with a multiple of 25 for its competitor, Unilever PLC,

"If you're prepared to take a long-term view and be patient," Mr. Cox said, "this kind of stock will pay off."

The Turkish supermarket chain Migros Turk TAS is "an interesting longterm story," according to Austin Forey, head of emerging markets at Fleming Investment Management in London. Few analysts cover it, he said, because it is a domestically oriented company in an underfollowed market. Migros, which was spun off from a

Swiss retailer, enjoys 20 percent annual earnings growth, after taking Turkey's horrendous inflation into account. Inflation puts such a drag on corporate Turkey that "it's hard to find companies

growing at a high sustainable rate," Mr.

What allows Migros to be one of the few is its expansion into Turkey's great hinterland, where supermarkets are largely unknown.
Once you get out of Istanbul, it's all

mom-and-pop stores," Mr. Forey said. Migros is the first widespread supermarket chain.

He added that the company was "rea-

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sonably well managed."

"It's not Wal-Mart," he said, referring to the U.S. discount-store chain, but then it's not in that market."
Anna Bossong, head of East Euroean equity research for Daiwa Europe

Ltd., has buy recommendations on three

companies in the region whose shares trade as global depositary receipts:
Sun Brewing Ltd. was set up in
Russia in 1994 by Western investors to try to take advantage of an anticipated growth in the country's thirst for beer. There is certainly room to grow, given that per-capita consumption is barely

one-fifth that of Western Europe. Sun, the country's largest brewer, is "working flat-out to satisfy strong Rus-sian demand for beer," Ms. Bossong said, through a vigorous program of acquisitions. Revenues are rising sharply, as are profit margins, thanks to

enhanced operating efficiencies. Other factors that lend Sun appeal to foreign investors include the fact that its managers are Western and its books are kept according to American accounting principles, she said. Sun's GDRs trade in dollars in Germany and Luxem-

Another rapidly expanding company is BorsodChem Rt., a Hungarian producer of plastics and chemicals whose GDRs trade in dollars on the SEAQ International market of the London

Stock Exchange. Ms. Bossong likes BorsodChem. Eastern Europe's largest maker of polyvinyl chlorides, because it can make the substance more cheaply than its Western rivals do. That is a critical advantage in a commodity industry, where there is little to distinguish one

company's wares from another's. The cost of BorsodChem's stock is also cheap, she noted. It recently sold at a multiple of about seven times this year's estimated earnings, compared with a multiple of 10 for others in the industry. For that reason, Daiwa foresees the local price of the company's shares rising by about 50 percent this year, although any weakness in the Hungarian forint would reduce returns for

foreign investors. The last of Ms. Bossong's triumvirate is Kredyt Bank SA, a Polish lender that recently merged with two others, giving it a formidable presence in the country's retail-banking market. Like Borsod-Chem, Kredyt Bank is traded in dollars

on SEAQ International Daiwa's rationale for buying the stock is similar to the one for buying Sun Brewing: Russians do not drink much beer and Poles do not borrow much, having one of the lowest ratios of debtto-economic output in Eastern Europe. More scope for growth lies in the fact that only one Pole in four holds a checking account

Based on Daiwa's projections for earnings growth, the stock is ridicu-

Continued on Page 19

Bangladesh and Cuba: Fund Adventures in Uncharted Lands

Total return in U.S. dollars since Aug. 1, 1994. **2300**

'95

lource: Standard & Poor's Micropa

By Barbara Wall

THEN A NEW investment market emerges, it generally attracts widespread at-V tention from the interna-tional funds industry. Possible exceptions to this rule include Bangladesh and Cuba. Both economies are still in the early stages of transition and research on local companies is poor. This could explain why there is only one dedicated invest-ment fund for each of these markets.

Cuba has been classified as one of the riskiest countries in the world for business, but foreign companies have still come to the Caribbean island in search of opportunities, with many finding them. Reports issued by the Cuban government suggest there are at least 260 joint ventures from 43 countries, with 100 more pending.

The barriers to investing in Cuban

enterprises are formidable. There is no

stock exchange and the U.S. trade em-

bargo prevents American companies

from doing business on the island.

Despite the difficult social, economic and political conditions in Cuba, Beta Gran Caribe Fund Ltd., a dedicated direct investment fund managed by Havana Asset Management Ltd., a subsidiary of the London-based Beta Funds Ltd., has been investing there since February 1996. Beta Gran Caribe Fund is a closed-end

fund listed on the Dublin stock exchange. "More than half of the fund's investments are in companies that we have helped create," said Peter Scott, chairman of Beta Funds. 'One of the fund's largest holdings is

Guernsey-registered company named Caribbean Finance Corp., which is a joint venture between Beta Gran Caribe and an insurance company owned by the Cuban government," he added. "The fund has also invested in two biotechnology companies: York Medical Inc., registered in Toronto, which is developing a string of products for international markets, and Biognosis Ltd., created by Beta Gran Caribe and registered in Guernsey, which is focused on developing diagnostic kits for markets in the Third World."

The fund also has invested in Hotel Saratoga, which is part of a Guernseyregistered company named Omega Latin Holdings Ltd.; Caribbean Property Corp. a property development company and fully owned subsidiary of Beta Gran Caribe, and Northern Orion Inc. and Caribbean Gold Resources Inc., which are both Canadian mining companies with

listings on the Toronto Stock Exchange. "As the fund is just in the process of getting invested, it is probably too early to comment on investment performance," Mr. Scott said. "However, the outlook for the fund is encouraging. Caribbean Finance Corp. has been in operation for just under two years and has made 55 commercial loans without any losses. Caribbean Property Corp. has been negotiating to acquire two sites and has just finalized its first deal. York Medical is about 12 months away from commercializing its first products, while Biognosis concluded its first com-

mercial deal two months ago. With the exception of the two Canadian mining companies, none of the companies

mentioned by Mr. Scott have interna-tional listings. York Medical is close to getting a listing in Toronto and Caribbean Finance will probably receive one in the next 12 months, Mr. Scott said.

The Bangladesh Fund, incorporated in the Cayman Islands in July 1994 and managed by the Hong Kong-based In-docam Asia, is a closed-end fund with a listing on the Dublin stock exchange.

"The Bangladesh economy is still

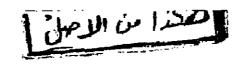
underdeveloped and company research coverage scant," said K.C. Reddy, an analyst with the Bangladesh Fund. "The situation has not been helped by the difficult political conditions in Bangladesh last year, poor weather, which had a disastrous impact on the country's agriculture industry, and the Asian financial crisis, which has hurt Bangladesh's export industries."

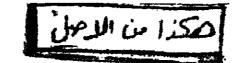
In the nearty four years since its debut until the end of April, the fund registered a negative return to shareholders of 18.4 percent. This figure has been adjusted to take into account a one-time dividend of \$8 in December 1996. Over the same period, the fund's benchmark, the Bangladesh All-Share Index, was down 41 percent.

Two of the fund's largest holdings are Square Pharmaceutical Ltd., which represents about 12 percent of the portfolio, and Beximco Pharmaceuticals Ltd. "When markets are falling, pharma-ceutical stocks generally do well," Mr. Reddy said. "But more significantly, foreign pharmaceutical companies are not authorized to set up business in Bangladesh, and a handful of local phar-

maceutical companies, which sell Western medicines, have managed to retain a very tight grip on the market. Beximco accounts for around 35 percent of the domestic formulations market." Bangladesh's largest stocks are generally covered by one, or sometimes two, Hong Kong brokerage firms, but many stocks have no research coverage. Mr. Reddy cited two little-researched compa-

nies that he considered worth a bet. Apex Footwear Ltd. and Apex Tannery Ltd. For further information: BETA FUNDS LTD Telephone: 44 171 353 2066 ■ INDIXCAM ASIA. Telephone: 852 2827 3834





THE MONEY REPORT

Q & A / Robert Friedman/Franklin Mutual Series Fund

Favoring the Out-of-Favor, Valuing the Undervalued

Despite Boom, Fund Group Sticks to Its Method

mutual funds — headed by Michael there some angle? Is this piece stra-Price, who sold his Heine Securities Inc. tegically significant? Does someone else to Franklin Resources Inc. in 1996 meaning it seeks out companies selling at low prices relative to the value of their businesses. Mr. Friedman spoke with Conrad de Aenlle about the search for cheap stocks in expensive markets.

Q. Your specialty — finding un-dervalued, out-of-favor stocks — is undervalued and out of favor among money managers. What makes you think your stock-picking method is better than the pack's?

A. It is not so much that we criticize growth investors, it is just we are not growth investors. Some people know how to look of them around right now. [Success] deat a stock and extrapolate data into the future. We are not willing to take that risk.

their robustness during down markets, name and location. If you're looking at of which there have been few lately. Is Zenith Labs, you're looking at a generic it hard to maintain your discipline in a drug manufacturer that was grossly mismarket where value investing is not as managed and was in a business that was successful as other methods?

A. We will always stick to our philosophy. We will not say, 'Here's a stock loved, unwanted and also happened in trading at 19 times earnings and there are 1991 no hidden assets, but it is growing 25 percent a year.' We will never do that. We'll look at a stock and say: 'It is 19 times earnings and it owns 40 percent of that company and 40 percent of that company, and it has 4,000 acres of land. really get the company for 11 times earnings; that's a steal.

We are a lot more detached from any index that you could compare us to. We have bankruptcies in our portfolio. What index are you going to measure that against? We do arbitrage situations; there is no index for that.

Q. You look for companies trading for no more than 60 percent of their asset values. There is no shortage of people who can read a balance sheet. What assumptions do you make when from others?

not a lot of responsiveness to some of Suez and Elf Aquitaine. these things. My favorite line when we hear that line, it is such a great sign because they are saying, 'I know it is inexpensive, I know there is value on the inexpensive, I know there is value on the A. In 1994, we had \$500 million [in table, but nothing ever happens so I am not going to bother.' We will then go take a look at it and see if it is always difficult to find large-cap names that going to remain cheap or whether there

is something in the works.

companies by what is in the balance OBERT FRIEDMAN is a se- sheet, but then we ask ourselves. This nior research analyst at Frank- company has what strategic value to lin Mutual Scries Fund Inc. somebody else?' We look at a company This group of U.S.-based stock and say: 'Here's the asset value, but is want this piece of the business?' We uses a value approach to investing, don't just look at two companies and say: This one is at X times earnings, this one is at Y times earnings. Let's buy the one that is cheaper.

Q. One of your specialties is bankruptcies. Is there a particular type that offers prospects for higher returns at lower risk than others, and

how do you extract value from them? A. The bankruptcies we've worked on that were very successful would be Zenith Labs. Sunbeam-Oster; Canary Wharf is lem with bankruptcies is there are not a lot pends on the value of a particular style of business: In Canary Wharf's case, there Q. Your funds are sold partly on are physical assets and a kind of brand destined to grow. Sunbeam-Oster was grossly mishandled for years; it was unwhen no one cared.

Q. With markets so frothy and so many companies restructuring, mer-ging, spinning off, is it hard to find good

asset plays, or good value of any sort? A. We can find ideas in Europe; we're finding some ideas internationally, exand you back it out and say, "Oh, I can Europe. I do believe it is harder to find real value on the table in the U.S. right now. If everything materializes [regarding earnexpectations and restructuring gains], then you can make money, but if one piece of that puzzle falls apart, then the market has to top. The market is standing on a stepladder now; if you take out one leg, the whole thing goes over.

Q. You've increased your exposure to Europe and started a fund targeting its markets. How do the principles you've developed for U.S. investing translate?

A. The difference is you're not looking you assess a company that allow you to at one culture, you're looking at many find value that apparently is hidden cultures. Each of them approaches business in a different way. I think the three A. There are three stages to this. Europe best for us in Europe have been the U.K., is a great example. We will step into the Netherlands and Sweden. Having said markets that are unloved, so it is having the that, tied for second place in exposure for nerve to step into this area when everyone us is France, which has not been a very is telling you not to step into this area. good business environment. But all you needed to find were 10 really interesting have fallen through the cracks of the companies. We have \$2 billion in France brokers — there is not a lot of coverage, and \$1 billion of that is in two companies,

Q. European companies are startstart to look at a company is, Yeah, it is ing to take shareholder interests secheap but it is always cheap.' When you riously, and share prices have soared

were inexpensive; at one point, Nestle was selling in single digits, so that was a great time. 1996 and 1997 was when the



Robert Friedman: Value in Europe.

companies were being left behind. What has happened since the end of '97, going into '98, is the ballooning of asset values in Europe. Real large-cap companies are no longer in the restructuring range of valuation; they are in the earnings range of valuation. They have going to work out very nicely. The prob- to materialize those earnings or the stocks are going to come down, some of them rather sharply. People are paying way over-the-top numbers for some of these smaller markets, like Spain and Portugal, so if a very fine company in Portugal restructures itself, cleans up its act, gets its turnover higher, improves its

> the stock's down 15 percent. Q. Speaking of disappointment, you don't talk about Asia much. Are you avoiding the region?

margins, gives the market those earnings

that the market is counting on, the stock

will be fine. The minute it disappoints,

A. We actually spent a lot of time over the past month looking at Japanese companies. I think we will start to find ourselves putting more and more in Japan, [but] I think Japan is not that inexpensive. The only thing that will make Japan inexpensive now is a cut in tax rates, which would make a huge difference in valuations.

Q. Several Templeton managers have achieved guru status among investors and the media: Sir John himself, Mark Mobius, Michael Price. Mr. Price is about to leave, as expected, five years after selling his business to Franklin Templeton. How much of an investor exodus are you expecting? A. Michael doesn't know what Mi-

chael's going to do. He has a contract which obliges him to keep \$100 million of his money in the funds, and he will remain - regardless of what he does as chairman of the board of Franklin Mutual. He can go about his business and stay as long as he wants to. I don't know what percentage [of investors] would say. 'We like the fund because we like the philosophy.' or 'We like the fund because we like Michael Price.' Or what percentage would say, 'I flip funds all the time: this time it's Franklin Mumal, next time it's Fidelity.

precipitous fall in the market and, two, it the money belong to the original shareholders: they don't scare me. It's the guy who joined up eight months ago and has made some good money in that eight months. All of a sudden the market falls 15 percent and Third, we understand the strategies great time. 1996 and 1997 was when the within industries rather than look at companies individually. We do value companies, and small- and mid-cap great time a sudden the market falls 15 percent and he says. 'I'd rather have a bond fund.'

That's the guy that's more frightening.

Trigger Happy? Better to Buy and Hold

FTER A WEEK like the one So far so good. But the average net vestors Trade Too Much?" and "Are troubles deepening in Asia 15.3 percent. and Russia, bombs bursting in Pakistan and stock prices bouncing all over the place - you are probably tempted to sell some of your losers, cash in some winners and maybe trade them for some shiny, new shares.

Two finance professors from the the second case, it grows to \$25,200. University of California at Davis have just completed JAMES GLASSMAN ON INVESTING a study that confirms the sound principle of buy and hold forever. "Our central message,

they conclude, "is that trading is hazardous to your wealth.

The term "trading" means buying and selling stocks in anticipation of short-term rises or falls. It is a terrible idea — because you incur transaction costs (including taxes in many cases), because trading usually takes you out of the stock market (at least for a short time, and often you dither before getting back in) and because traders just seem to sell at the wrong times.

The study by Brad M. Barber and Terrance Odean proves once again that Benjamin Graham, mentor to Warren Buffett and this century's greatest in-vestment mind, was dead right when he wrote 50 years ago, "The investor's chief problem — and even his worst enemy — is likely to be himself."

Mr. Barber and Mr. Odean convinced a large discount brokerage to provide them with data on stock-trading by 64.715 customers from 1991 to 1996. The statistics were a gold mine. In fact, Mr. Odean told me that only one significant study has ever been done with similar records, and that was 20 years ago, with just 2,500 accounts.

What the researchers found was that the average investor earned a gross return of 17.7 percent, compared with 17.1 percent for the market as a whole.

just past - with economic return, after transaction costs, was just Investors Reluctant to Realize Their

Far more important — and chilling — was that the 12,000 investors who did the most trading earned a return of just

its common stock portfolio annually."

ical stock for only 15 months.

trading, not portfolio selection.

In fact, the investors beat the market

tilted toward small stocks and value

loss on the spread between "bid" and

gains. (Taxes weren't taken into ac-

traders could make up for higher costs

with agile stock-picking. He laughed.

study, he said, "that high-turnover

people are making bad choices - poor

In two separate papers, "Do In-

There is some evidence" in this

'asked'' prices — that are into their

that, when investors decide to dump-shares, the stocks they "purchase ac-10.0 percent, while those who traded tually underperform those they sell." infrequently earned 17.5 percent. That is In other words, people who trade a lot a huge difference: For the active traders, make lousy decisions, switching out of \$1,000 grows to \$6,700 in 20 years; in good stocks and into bad ones.

Losses?", Mr. Odean looked at this

question in more depth. He discovered

Why? Mr. Odean's research indicates that investors are especially likely to sell a stock if it has declined in the past and then rises a

Most of the investors in the study little. (Does this sound familiar?) traded far too much. Mr. Barber and In general, he said, "you hold onto Mr. Odean found the "average houseour losers" because it makes you feel hold turns over more than 80 percent of better that you have not locked in a loss. You try to "minimize regret" by acting as if there is still hope. Then, when the In other words, investors hold the typstock rises — even if you still have a loss — you feel better about selling it.

The active traders registered a The point is not merely that this pattern of selling and buying is a loser for investors; the point is not to sell at turnover of almost 25 percent a month, or 300 percent a year. They held the average stock for just 120 days. all. "Buy-and-hold makes sense," says Mr. Odean, whose specialty is investor psychology, "but in case you forgot, here's some more evidence." The main reason for poor performance, the authors emphasize, "is the cost of trading and the frequency of

His study with Mr. Barber, "The Common Stock Investment Performance of Individual Investors," finds before transaction costs because they that trading, or churning, as I prefer to stocks, which performed well in the early 1990s. But buying and selling call it, is shockingly common. incurred costs — commissions, plus the

The New York Stock Exchange reports that last year turnover was 69. percent (meaning that the average stock was held for 17 months). That is count in this study, though they would have substantially depleted profits.) I asked Mr. Odean whether active an increase from 46 percent in 1990 and a far cry from the 1950s, when turnover was in the teens. Turnover on the smal-ler-stock NASDAQ was far higher — 199 percent last year, for an average holding period of a mere six months.

THE COMMON STOCK INVESTMENT PERFORMANCE OF INDIVIDUAL INVESTORS is available on the Internet at

Scoping for Growth Stocks in Europe

timing on trades.

Continued from Page 18

lously cheap. Although earnings are expected to grow 26 percent this year and 15 percent per year through 2000, the shares trade at just 3.2 times 1998 earnings and 0.8 times the bank's book value.

RENNAN HIORNS, chief investment officer of Taylor Young Investment Management, a boutique asset manprospects of Versailles PLC. Versailles is a London-listed concern that fills a niche in the financial-services business so small that few people know it exists. The company facilitates financing arrangements for import-export entrepreneurs whose positions are too weak to allow them to obtain fi-

Say a small company has found some goods in Asia, maybe fabric, that a London retailer would like to buy. The problem is that the trading company does not have the money for the

past 18 to 24 months. Over half our assets money to allow the transaction to go through - for a hefty

Versailles 'takes the risk off the man of straw in the middle," Mr. Hiorns said. "Big banks often supply business to them. It's the kind of thing that could turn into a significant financial-services company.

back up to 70.

For further information:

· MCBRIDE trades in Lundon under the symbol MCB.

PLETTAC trades in Frankfurt under the symbol PLT

ager in London for wealthy private clients, likes the

My concern is not with Michael leav- purchase and has not been in business long enough for the ing, my concerns are two things: one, a retailer to trust it enough to pay in advance or for a bank to lend

this industry can be a LIFO business—
last in, first out — and there's a lot of money that's come into the market in the money that scome into the market in the trepreneur and a strong reputation and so can line up the

With a market capitalization of £150 million, Versailles does not make it onto the radar screens of many analysts. Its

shares fell to 46 pence after peaking in October in the mid-50s,

nancing through normal channels.

percentage, of course.

SHØREX 98

depressed in part by selling by the venture capitalists who

helped provide its initial finances. The shares have since crept

BORSODCHEM trades in Budapes under the symbol BCHEM and in Munich under the symbol BOO. hs GDRs trade on SEAQ under the symbol BDCD.

KREDYT BANK trades in Warsaw under the symbol KREDYT, its GDRs, which represent five common shares, made in Berlin under the symbol KDP and on SEAQ under the symbol KDBQ.

MIGROS trades in Islanbul under the symbol MIGRS. Web site: www.migr

SUN BREWING trades in Luxembourg under the symbol SUNB. Its GDRs trade in Lu
under the symbol SUG, and in Munich, under the symbol SUNBG.

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BRIEFCASE

Picks and Shovels As internet Gold

If you are looking for In-ternet-related stocks but cannot stand the thought of own-ing companies with billiondollar market capitalizations food-stamp program. which and no profits, Pawan Mal-subsidizes groceries, to an elechours of Legg Mason Wood Walker Inc. in Baltimore has a couple of ideas for you.

Internet commerce is growing by leaps and bounds. International Data Corp. fig-ures quoted by Legg Mason show global volume growing from \$2.6 billion in 1996 to an estimated \$10.6 billion last year, to \$28.9 billion this year. By 2001, IDC is estimating \$223.1 billion.

Rather than trying to sell things on the Internet, Mr. Malhotra suggested the general-store approach to this gold rush: "Sell the picks and shovels to the miners."

Looking at the overall field of electronic commerce, which like electronic fund transfers, for investors: CheckFree Holdings Corp., which belps con-sumers pay their bills electronically, and Concord EFS Inc., which provides electronic transfer services to retailers

such as supermarkets. Checkfree has 75 percent of its market, estimated to reach \$600 million a year in the United States by 2001, Mr. Malhotra said. It faces competition from MSFDC, the protection concerns," although joint venture of Microsoft it did not guarantee that it would Corp. and First Data Corp., but not act against sites whose CheckFree "has got enough competitive advantages that it can maintain its market-share lead," he said. These include alliances with such companies as Intuit Corp., the maker of the British investors. popular Quicken personal-finance software and an investor in CheckFree, and a merchant database of 3 million billers.

share price of \$38 for Check-Free, up from \$22.75 Friday.

Concord's business, he said, is growing 30 percent a year. One way it can make investors rich has to do with the poor. The United States wants to shift its food-stamp program. which tronic system. He has a \$39 target for the stock, which was trading Friday at \$32. (IHT)

U.K. Won't Block **On-Line Fund Data**

British regulators have indicated that they would not prosecute investment companies that post information on the World Wide Web but are not authorized to offer their products in Britain if the Internet-site owners follow guidelines suggested by the U.S. mutual-fund industry.

The Financial Services Authority did not abandon its position that an Internet advertisement viewed on a computer in encompasses traditional fields Britain constituted publicity issued within the country, where Mr. Malhorra offered two ideas advertising an unauthorized financial product is a crime.

The regulators said, however, that they had discretion in applying their powers and would weigh whether a Web site makes clear its offerings are not aimed at British investors.

The authority said safeguards proposed by the Investment Company Institute, the U.S. mutual-fund trade group, "would reduce U.K. investorowners met these criteria: • The site makes clear to

whom it is directed. The site does not suggest that offerings are available to

• A mutual-fund sponsor that uses a Web site and its affiliates takes steps "deatabase of 3 million billers.

Mr. Malhotra has a target that fund information and ap-

plications not be sent to British investors who are not supposed to receive them.

Craig Tyle, the ICT's general counsel, said British regulators had been approached because of their position that sites viewed in British viewed in Britain were considered domestic advertisements. But he said the issue was likely to crop up elsewhere. The U.S. Securities and Ex-

change Commission has a similar stance that offers greater assurance to overseas concerns. It said in March that it would not consider material on Web sites to be offerings to U.S. investors if owners "implement measures that are reasonably designed to guard against sales or the provision of services to U.S. persons." (IHT)

ISLE OF MAN - B MONK BACE CA OVERSEAS COMPANY REGISTRATION AGENTS LTD ompanies House, Tower Street Remo-les of Man, British Islas, 1489 ANN E-mail: Http://www.id-mail.com TEL: + 44 1624 815544 FAX: + 44 1624 817076 MAURITHIS - ASHOO BACHA ACCA Happy World House, Sir William Newton Street, Port Louis, Mauritus R: +230 211 5100 FAX: +230 211 540 SEYCHELLES - DERRA AKATSA 303 Aurti Chambers, Mont Fleuri, PO Box 983, Mahe, Seychelles TEL +248 225555 FAX: +248 225999 HONG KONG - BART DEKKER, LLM 2402, Bank of America Tower, 12 Harcourt Rd, Hong Kong FI: +852 2522 0172 FAX: +852 2521 1190 SINGAPORE - DIANA BEAN
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ANNOUNCING THE WINNERS...



CONGRATULATIONS to the winners of the

Air Canada / IHT Competition.

Rosmawati Kassim, Toulouse. France and David Berrey, Riga, Latvia

who each will receive two roundtrip airline tickets from any Air Canada scheduled European location to any Air Canada scheduled destination in Canada.

Air Canada and the International Herald Tribune would like to extend a hearty thanks to all those who entered the competition.



AIR CANADA A BREATH OF FRESH AIR THE WORLD'S DAIL! NEWSPAPER

SPORTS

WORLD ROUNDUP Kuerten Is Dethroned by This Year's Rising Young Star

Noe Is in the Pink

CYCLING Michele Bartoli won the spill-marred 13th stage of the Tour of Italy on Friday in a threeman sprint in the rain. Andrea Noe, like Bartoli an Italian with the Asics team, finished fourth to take the overall lead.

Bartoli edged his fellow Italians Giuseppe Guerini, of the Polti team, and Paolo Bettini, another Asics rider, at the finish of the 166kilometer (103-mile) stage from Carpi to Schio. Noe finished three seconds back to take the pink jersey from Laurent Roux who faltered on the final climb.

Alex Zuile, who started the day third, and Marco Pantani were part of a three-man breakaway up the final climb. But both tumbled twice on going downhill on the slippery roads and were passed.

Chelsea Signs Casiraghi

SOCCER Pierluigi Casiraghi, 29, a striker, became Chelsea's latest Italian recruit Friday, completing a four-year £5.4 million (\$8.9 million) move from Lazio to the English Premier League club.

Croatia Stumbles

WORLD CUP Croatia lost, 2-1, on Friday to Slovakia in a World Cup warm-up in Porec, Croatia. Tibor Jancula and Jozef Majoros scored Slovakia, which has not qualified for the World Cup. Igor Stimac scored for Croatia.

• In Casablanca, Belgium and England played a 0-0 draw in the King Hassan Cup. Belgium won, 4-3, in a penalty shootout.

• In Belgrade, Yugoslavia beat Nigeria, 3-0. Savo Milosevic and Pedrag Mijatovic were among the scorers.

 Denmark, which is going to World Cup finals, lost, 3-0, Thursday in Malmo to Sweden, which isn't going. Sweden had not scored in its previous four matches.

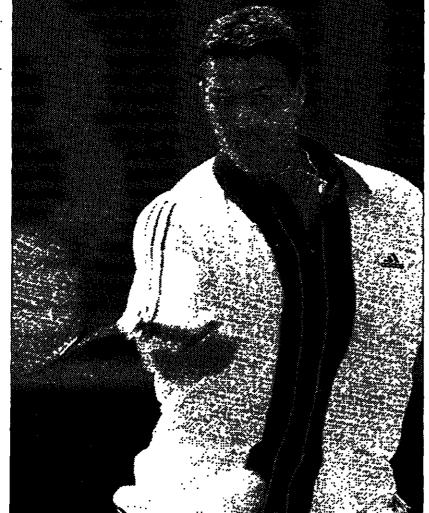
We couldn't pass the ball twice without losing it, and it's impossible to play football that way." said Denmark's coach, Bo Johansson, a Swede.

Nearly There, Rower Sinks

ROWING Peggy Bouchet who had hoped to become the first woman to row the Atlantic alone, had to be rescued after capsizing just 120 miles from her goal.

"I thought I was going to die," Bouchet, 24, said in her Web site. Bouchet set off from the Canary Islands on March 10. After 3,000 miles and 79 days at sea, a storm capsized her boat on Wednesday 120 miles from her goal, the French Caribbean island of Guadeloupe.

She was rescued after spending the night in the sea.



Marat Safin of Russia hitting a forehand to Gustavo Kuerten of Brazil on Friday. Safin upset the defending French Open champion in five sets.

FRENCH OPEN

in Paris, France Men's Singles

Filip Dewrit, Belgium, def. Marzia Martefil, Italy, 7-6 (7-5), 6-4, 7-6 (9-7); Dominik, Hrbaty, Slovakta, def. Juan Albert Viloca, Spain, 6-3, 6-3, 6-3.

Michael Chang (11), United States, def. Jahn Van Lottum, Neth. 7-5, 6-2, 3-0 (ref); Alberto Berosorlegul (16), Spain, def. Gerard Solves, France, 6-3, 3-6, 6-2, 6-4.

Jason Stoltenberg, Austratia, def. Patrick, Ratier (4), Austratia, 6-4, 2-6, 6-1, 6-2; Alex Conrelja (14), Spain, def. Fernando Vicente, Spain, 6-3, 6-2, 6-2, Magnus Gustafisson, Sweden, def. David Prinosil, Germany, 6-4, 6-3, 6-7 (9-11), 6-1; Francisco Clovet, Spain, def. Olivier Delatine, France, 6-2, 6-4, 6-7 (4-7), 6-1.

Daniel Vocek, Czech Republic, def. Jan-Michael Gambill, United States, 6-4, 2-6, 7-5, 7-6 (7-0); Hernan Gumy, Arg., def. Gönflaca Pozz., Italy, 6-2, 6-3, 3-6, 5-7, 11-9.

Marat Sofin, Russia, def. Gustavo Kverten (8), Brazil, 3-6, 7-6 (7-5), 3-6, 6-1, 6-1.

6, 7-6 (7-5), 3-6, 6-1, 6-1. 4, 7-6 (7-5), 3-4, 6-1, 6-2, THIRD ROUND

Marcelo Rios (3), Chile, def. Wayne Ferreira, South

Africa, 6-1, 3-3 ret; Albert Costo (13), Spain, def. Bohdan

Ulitroch, Czech Republic, 6-3, 6-3, 6-0.

Carlos Maya (12), Spain, def. Andrew Re, Austrolia, 6
2, 7-6 (7-1), 6-3; Fernando Meligeni, Brazil, def. Todd

Woodbridge, Australia, 7-5, 6-3, 6-2.

Safin, a Russian, Stuns Defending Champion in 5 Sets third round: the least in any Grand Slam in the open era. "We're in doubles, aren't we?" cracked Chang.

By Christopher Clarey International Herald Tribune

PARIS - It was late in the fifth set on the center court, and it was time for Gustavo Kuerten to stare across the net and see his own reflection.

Marat Safin might be a powerfully built Russian instead of a skinny Brazilian. He might lack Kuerten's long, curly locks and Technicolor tastes in tennis clothing. But the rest of the surprise package must have seemed eerily familiar to the affable surfer from Florianopolis who rode the perfect wave on his way to last year's French Open title.

There, reincarnated in Marat, was the same eagerness to take full swings and large risks from the baseline; the same indefatigable pair of young legs; and, above all, the same innate insouciance under pressure. "For sure, he'll make a lot of trouble for us," Kuerten said later.

The Brazilian should have used the present tense. Three days after upsetting Andre Agassi in five sets in the first round, Safin upset the defending French Open champion and

THE FRENCH OPEN

eighth seed in five often-scintillating sets on Friday, 3-6, 7-6 (7-5), 3-6, 6-1, 6-4.

"I have nothing to lose, nothing," said the 116th-ranked Safin, "He's No. 7 or No. 10. I don't have any pressure. I just

play my tennis from beginning to end."

Safin, 18, is still eligible to play the junior event here. He began his campaign at Roland Garros by struggling to beat the world's 179th-ranked player, Davide Scale of Italy, in the first round of qualifying. Nine days later, Safin became the first qualifier in the open era to beat the defending champion at a Grand Slam event. The star-making machinery in men's tennis appears to have another new product: created in Moscow, refined in Spain and launched globally and slightly ahead of schedule in Paris.

'I honestly didn't think he'd do something this year," said Rafael Mensua, the Spanish coach who has worked with Safin since he first arrived in Valencia by way of Moscow in December 1993. "I thought he'd be ready to do something big next year around this time."

It remains improbable that Safin, who is playing in his first Grand Slam event, will do something as big as Kuerten last year. He lacks the poise of the Brazilian, although both threw their rackets on Friday, and Safin's spectacular. flat groundstrokes do not leave him the kind of margin for error that most recent men's champions at Roland Garros have possessed. But anyone who watched him coolly serve for the match in the fifth sets against Agassi and Kuerten and open with an ace on both occasions knows that Safin is not one to blink first.

'When I first met him, I wasn't sure he would be a great player," Mensua said. "But I was sure he had a great heart and great competitive spirit. You can teach the groundstrokes, but you can't teach that.'

What Roland Garros continues to teach us is that clay is a marvelous equalizer, and after Friday, Marcelo Rios is the only one of the top nine seeds still in the men's event. While Kuerten's loss was a surprise. No. 4 seed Patrick Rafter's was not. Though he reached the semifinals here last year when conditions were drier and quicker and won the U.S. Open last September, he has struggled with stardom and his attacking game lately. He lost in the second round to Jason Stoltenberg, a fellow Australian, 6-4, 2-6, 6-3, 6-2. He also received a fine for racket abuse after hurling it for the third time.

Rios, seeded No. 3 and the tournament favorite, has lost only one set in three matches. On Friday, he only had to win one set before Wayne Ferreira, his South African opponent, injured his right ankle while stretching for a forehand at 3-3 in the second set and defaulted. Rios should face a much trickier test when he meets Albert Costa, seeded No. 13, one of th finest clay-courters, in the fourth round on Sunday.

Costa's fellow Spaniards, Carlos Moya and Felix Mantilla. also advanced to the round-of-16, as did Thomas Muster, who beat Christophe VanGarsse of Belgium. Because of rain delays this week, the bottom half of the men's draw still had second-round matches to complete. When the clay dust

At least American women were thriving. Monica Seles, Venus Williams and, more surprisingly, Chanda Rubin all advanced to the round-of-16. Martina Hingis, the No. I seed, is still firmly on course to collide with Williams in the greaterfinals. She also were her third round match in straight quarterfinals. She also won her third-round match in straight sets. So did Jana Novotna and Anna Kournikova, while the defending champion, Iva Majoli, won her rain-delayed second-round encounter with Natasha Zvereva, 6-3, 6-4.

But the only second-round encounter that thoroughly captured the imagination on this sunlit Friday was Kuerten vs. Safin. The last time a defending French Open champion lost in the second round was in 1973, when Andres Gimeno of Spain was upset. This time, it was an adopted Spaniard who did the upsetting.

This youngster is 6-foot-4 (1.93 meters) with a powerful first serve, which he regularly hit above 120 miles per hour (195 kilometers per hour). Despite his height, he is also extremely mobile, with a huge forehand and a deceptively huge backhand, which he hits with cocked wrists and two hands and often in midair. He can generate pace from anywhere, but is clearly wary of generating high expectations. After beating Agassi, he predicted he would lose to Kuerten and then head to Moscow to take the test for his driver's license. That will have to wait, but he has to pass another test in Paris on Saturday when he faces Daniel Vacek of the Czech Republic. "I think he's the favorite," said Safin.

Saturday's Top Matches

Dominique Van Roost (15) vs. Serona Williams Big Sister is already in the fourth round. Can little sister do the same in her first French Open?

Richard Krajicek (10) vs. Cedric Pioline Sounds like a Wimbledon semifinal, but these big men can slide, too. Lindsay Davenport (2) vs. Elena Likhovtseva Another Russian tries to pull an upset.



Venus Williams chasing the ball down in her victory cleared, only one American man, Michael Chang, was in the over Alexia Dechaume-Balleret of France on Friday.

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the architects of time



- Colin Montgomerie, «Ebel Ambassador»

Congratulations Colin for your fantastic PGA Championship victory!



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Kuwait to the Rescue (of U.S. World Cup Team)

Thomas Muster, Austria, def. Christophe Van Gorsse, Belgium, 6-2, 4-6, 7-6 (7-3), 6-2 Felix Mantilia (15), Spain, def. Fabrice Santoro, France, 4-6, 6-2, 6-2, 7-5. Raman Delgado, Paroguay, def. Sargis Sargssian, Ar-menia, 2-6, 7-6 (7-4), 6-4, 7-6 (9-7); Jens Knippschild, Gernamy, def. Johan Van Herck, Belgium, 2-6, 0-6, 7-6 (8-

Iva Majoli (10), Croafia. def. Natasha Zvereva, Belarus 6-3, 6-4: Manana Diaz-Diiva. Argentina, def. Sung-Hec Park. South Karea. 6-2, 6-2.

Patty Schmyder, Switzerland, def. Julie Halard-Decu gis, France, 6-3, 3-6, 6-1; Silvia Farina, Italy, def. Joan

Anna Kaumikova (13), Russia, def. Asa Carlsson, Sweden, 6-0, 6-0: Henrieta Nagyava, Slovakla, def. Nath-

Monica Seles (6), United States, def. Barbara Schwart Austria, 6-1, 7-5: Chanda Rubin, United States, def. Min

Jeda Dechaume-Balleret, France, 6-2, 6-1. Martina Hingis (1). Switzerland, def. labsudova, Slovakia, 6-3, 6-2; Jana Novotna (3)

alie Dechy, France, 7-6 (7-5), 3-6, 6-

PORTLAND, Oregon — As the sheikh told it, it was the Americans who came asking for Kuwait's help this time

None of the Kuwaitis will ever forget what America did Ahmad Alsabah, vice president of the Kuwait soccer federation. "This is why we are here. We have come here to show the Americans that Kuwait is here for America." The Americans needed

help in soccer. Next month the United States is to confront Iran in a first-round World Cup match that neither side can afford to lose. It is going to be the mother of all soccer games. Would Kuwait be willing to help the Americans prepare? After all, in a pair of matches last year against Iran, Kuwait had earned a pair of draws.

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WORLD CUP

TICKETS

In America/Lan Thomsen

week at home before flying to the Pacific Northwest, where, unfortunately but predictfor Kuwait," said Sheikh ably, it rained all week. The sheikh was sitting in the lobby of the hotel, looking out the windows at the rain.

"We like the weather," he said happily, a diplomatic lie if ever there were one.

The sheikh was a relatively young man, in his 30s probably, dressed in warm-up pants and a golfer's shirt.

"Football is completely amateur in Kuwait," he said proudly. "All of our players are volunteers. Some of them are students and others work in the government or in their The problem, as the sheikh

explained it, is the tax situ-

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biggest companies sponsor teams and leagues and receive in return a cut in the tax. is nothing to cut. This is why the government takes care of the whole sport.

"The team has been away for two weeks — one week for training, one week here -so the government gives them a special excuse. The government pays all of their salary for these two weeks. If it was for one month, two months, the government

would pay for everything. government about paying to make the football in Kuwait professional. The government would have to pay because

there are no sponsors The coalition led by the United Kuwait of Iraqi invaders just remain unaccounted for.

invasion. Now all of the facilities have been rebuilt and to be mixed. they are better than they were

before the invasion."

Kuwait to adapt to the mood It was arranged, then. The ation in Kuwait. "There is no of this friendly match, even Kuwaitis would train for a tax in Kuwait," he said. "In though it was played on soil your part of the world, the completely foreign to them suffered by their players in the - a heavy, soggy layer of grass laid down temporarily for this game. The team tried Because we have no tax, there to play as Iran might play next month in France.

Kuwait's tallest player, the striket Jassem Al-Huwadi, was imitative of the lanky Iranian scorer, Ali Daei. The role of the Iranian playmaker Khodadad Azizi was filled by Bashar Abdulaziz, a teenager who is reportedly considering a modest offer to sign with Manchester United. His father, who is handling negotiations for him, was held by "Now we are talking to the the invading Iraqis against his

> In the end zone of Portland's small Civic Stadium, the Kuwaiti fans - most of them students based in America — numbered almost as States liberated many as those Kuwaitis who

seven years ago.

"But now everything is rebuilt," the sheikh said. "In Kuwait, there were 14 stadiums and 18 clubs and all of diums and 18 clubs, and all of T-shirts talking about our them were damaged by the POWs, but FIFA will not allow the politics and the sport

The fans held up yellow magazine.

It was not difficult for missing and, at the same time, cheered the partnership of their liberation. This went on despite the methodical beating

rain against the Americans. The hosts learned little from their 2-0 victory, other than the most obvious lesson that they still have a problem scoring goals. Neither side was able to invent the passion and panic that will accompany the match between the United States and Iran on June 21 in Lyon.

The Americans will be favored to win that meeting with the long-odds hope of Ğermany Yugoslavia as one of the two countries to advance from their four-team group.

As preparations go, this friendly was more of a celebration unto itself, a group photo snapped on the run. Bashar and his Kuwaitis were unable to threaten the Americans, but from his team's point of view, it wasn't whether they won or lost or even how they played that mattered.

All they cared about was that they played at all.

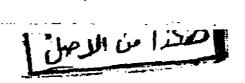
lan Thomsen is a senior writer at Sports Illustrated

LIVE - Tennis - French Open

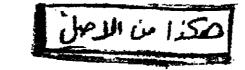
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By Joe Lapointe New York Times Service

Sabres, **4-3**

BUFFALO, New York -He is not the Dominik Hasek who led the Czech Republic to the gold medal in the Winter Olympic Games. Nor is he the same Hasek who is among the finalists for the Hart trophy this season as the most valuable player in the National Hockey League.

Hasek, the Buffalo Sabres' anchor, is still a good goalie, but one who might be fatigued as the four-round Stanley Cup playoffs near the middle of the third round. Hasek gave up two goals on the first four Washington shots Thursday, then an overtime goal for the second straight game as his Sabres lost to the Capitals, 4-3.

The Washington victory gives the Capitals a 2-games-to-1 lead in the best-of-seven Eastern Conference finals.

Peter Bondra won the game for Washington by Monday in Washington, the scoring on a slap shot from the left wing circle at 9 came on a play that should minutes, 37 seconds of over- have been whistled to a stop



Peter Bondra beating Dominik Hasek to score the opening goal for Washington.

Hasek's glove.

During regulation play, Richard Zednik scored two goals for Washington, both on the power play, giving the

Capitals a 2-0 lead. The series was already tense over several themes, including the officiating. In the Capitals' 3-2 overtime Game 2 victory winning goal, the Sabres said, time. It was his second goal of for icing. The National Hoc- at 10:27, knocking in a loose

in the net after deflecting off in The Buffalo News as saying: "Obviously, there was an error on our part. We could have done it a little better."

The referee Thursday, Bill McCreary, called four of the first five penalties against the Capitals, But Bondra scored the first goal without argument from Buffalo. After the Sabres failed to clear the puck, Hasek stopped a shot and went down before Bondra pounced on the rebound at 4:57.

Richard Zednik made it 2-0 from inside the dot in the left-

JAPANESE LEAGUES

CENTRAL L'EAGUE

BASKETBALL

WOMEN'S WORLD CHAMPS

ARIOUS SITES IN GERMANY

ICEHOCKEY

THURSDAY RESULT

Zednik) 2, W-Zednik 5 (Bondra, Nikolis

Yomjuri 2 Hiroshinto 1 Yokohomo vs. Chunichi,

GROUP B United States 77. Senegol 48 GROUP D Stovekia 69. South Kores 56

the night. Skating swiftly dur-ing a two-on-one break. Bon-dra fired an arrow that landed ficiating, was quoted Thursday Buffalo defender. After squandering a two-man advantage, Donald Audette hit in a rebound during a one-man advantage power play at 14:59.

Matthew Barnaby made it 2-2 at 2:08 of the second period, beating Sergei Gonchar to the puck in the corner.

Brian Holzinger made it 3-2 for Buffalo at 12:12 after the Sabres forward Geoff Sanderson took Gonchar wide and beat him around the net. A wing circle tied the score at 3. the 17th.

Diamondbacks Win a Gamble

Intentional Walk to Bonds Scores a Run, but They Edge Giants, 8-7

The Associated Press

Leading by two runs and determined not to let Barry Bonds beat his team, Buck Showalter, the Arizona Diamondbacks' manager, made a startling move: He ordered Gregg Olson to intentionally walk the San Francisco Giants' star with the bases loaded and two outs in the bottom of the ninth inning.

The strategy worked — barely. Brent Mayne followed the walk to Bonds with chance to tie Juan Marichal as the winan out to right field, and the visiting Diamondbacks held off the Giants, 8-7, on Thursday night.

'I know it was a little unorthodox, but I just felt it was the best chance for us to win a baseball game," Showalter said. 'It was a choice between one of the great players in the game or a very good player. It was a tough call, but you go with it and you live with it."

Olson worked around six walks in 11/3 puck after Bondra's pass innings for his sixth save. He struck out across the slot deflected off a Rey Sanchez to leave the bases loaded in Buffalo defender. After squanthe eighth, and took an 8-5 lead into the glove in left field for a game-winning character of the contraction of the contraction

> The Giants loaded the bases with two ninth inning at Dodger Stadium. walks and a hit before Stan Javier's runscoring grounder made it 8-6. After J. T. Snow walked to load the bases, Showalter also made two errors on the same play in homered, doubled and scored three runs had Olson issue Bonds his major leagueleading 10th intentional walk. Olson escaped when Mayne lined 2.2.2 circle.
>
> With two outs in the ninth, Ruben
>
> Mariners 5, Devil Rays 2 Alex Rodrigfielder, Brent Brede, on a 3-2 pitch.

The Giants' manager, Dusty Baker, is no stranger to unusual moves. Last Sunday, he ordered an intentional walk to an uncovered first base as the go-ahead Mark McGwire with the bases empty Zednik slap shot past Hasek and two outs in the 14th inning at St. Louis. The Giants ended up winning in

surprise Baker. "It was a gutsy move — 10th time in 12 games. I don't know if I'd do it," he said. The victory gave the

Cardinals 4, Rockies 1 In St. Louis, McGwire singled, drew two walks increasing his major league-leading total to 58 — and scored once as the Cardinals beat Colorado.

ningest Latin American pitcher in baseball history. Martinez, 43, pitched three-

BASEBALL ROUNDUP

hit ball for six innings against one of his former teams and left with a 4-1 lead. But for the second straight time, the Braves' relievers could not hold a lead for Martinez, who needs one more victory to tie Marichal at 243.

single with two outs in the bottom of the

Phillies 8, Cubs 7 Mark Grace homered and drove in three runs. But he

first fumbled the ball and then threw to also homered to lift visiting Seattle. run scored.

In the American League: Darryl Strawberry and Jorge Posada hit in a row.

Still, Showalter's decision seemed to home runs as the Yankees won for the

The victory gave the Yankees an 81/2game lead over second-place Boston in the AL East. The Red Sox have lost a

season-high five in a row. The Red Sox outhit the Yankees, 13-11. But Boston made a pair of errors, Expos 9, Braves 5 Atlanta's shaky giving up two runs in a five-pitch span, bullpen again cost Dennis Martinez a on a wild pitch by Tim Wakefield and a passed ball by Jason Varitek. Jim Leyritz

failed to tag up at third on an eighth-inning fly ball.

David Wells (7-1), pitching at Yankee.

Stadium for the first time since his perfect. game against Minnesota on May 17, won his fourth straight start and seventh consecutive decision, allowing three runs and

a season-high 10 hits in seven innings. White Sox 11, Tigers 7 In Detroit, the Tigers staged a five-run rally in the ninth. to force extra innings, but Chicago won

walk off Todd Jones as the White Sox parlayed five walks, a wild pitch and sacrifice fly into their winning margin. Indians 6, Blue Jays 2 Manny Ramirez

With two outs in the ninth, Ruben Amaro grounded to Grace, a four-time Gold Glove winner at first base, who and Edgar Martinez and Glenallen Hill-

Orioles 5, Rangers 2 Roberto Alomar, the subject of trade rumors for the past week, went 3-for-3 and scored three runs Yankoes 8, Red Sox 3 In New York, as Baltimore dealt Texas its fourth loss

SCOREBOARD

BASEBALL MAJOR LEAGUE STANDINGS

AMERICAN LEAGUE MATIONAL LEAGUE

With Crobines (3) Builtes (7), Levine (8), underson (8) and Hoseimare Drubekunderson (8) and Hoseimare Drubekunderson (8) and Wester, W. ...

Ruebel (9) and DiFelice. W—Mayer, 3-5. L—J. Johnson 2-2. HRs—Seattle, A. Rodriguez (20), E. Martinez (8), G. Hill (9).

Tampa Bay, Sorrento (6).

Boston 000 128 006—3 13 2

New York 201 210 022—8 11 1

Wakefield, Wasdin (4), Barkley (7), Garces
(8) and Varifelt; D.Weils, Stanton (8) and
Posada. W—D. Wells, 7-1. L—Wakefield, 6-2.

Sw—Stanton (5). HRs—Boston. M. Vaughn
(14), Leyritz (8). New York, Strawberry (8).

Posada (6).
Chicago 110 000 050 4—11 11 7
Detroit 000 011 005 0—7 9 2
Sirotko, Foulko (9), Karchner (9) and
Kreuter, J.Thompson, Floris (8), Brocail (8),
Duran (9), Ta.Jones (10), Bochtler (10)
J. Oliver, Boiso (8). W—Karchner, 1-1.
L—Duran, 0-1. HRs—Chicago, Cordero (5).
Detroit, Tomberin (2). NATIONAL LEAGUE

NATIONAL LEAGUE

Colorada 069 109 000—1 7 0

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Jm.Wright, Leskanic (6), McEiroy (8) and
Manwaring, J. Reed (7): Mercker.
Fruscation (6), Painter (7), C. King (7) and
Pognazzi, W—Mercker, 4-3. L—Jn.Wright,
4-5. Sv—C. King (2),
Philadelphia 910 002 302—8 12 1
Chicago 500 200 000—7 11 3

Schilling, Dodd (6), Spradlin (7), Winston
(8), M. Leiter (9) and Lieberthot M.Clark, B.
Patherson (7), T. Adoms (7), Beck (9) and

(8), M. Leifer (9) and Lebermon M. Leider (100). Beck (9) and S.Marfinez, Servois (9). W.—Winston. 2-0. L.—Beck. 1-1. Sw.—M. Leifer (10). HRs.—Philadelphia. Abreu 2 (4). Chicago, Mc.Grace (7). Montreal 900 910 224—9 12 1 Attents 911 902 196—5 10 2 Pragmo. King (6). Report (6). Telford (7).

BA.Anderson, Tolerando (7), Oson (a) and Fabregas, Stinnett (7); Darwin, Ortiz (7), Johnstone (9) and B. Johnson, Mayne (9). W.—Bn.Anderson, 2-6. L.—Darwin, 4-3. St.—Olson (6). HRS—Alizona, A. Far (3), D. White (8), Dellucci (3). San Francisca, Cr.Jones (1), B.Johnson (4).

CRICKET

-DAY MATCH, FIRST DAY FRIDAY, IN BRISTOL, ENGLAND South Africa: 337-7

SRI LANKA VS. HEW ZEALAND FIRST TIEST, THIRD DAY FRIDAY IN COLONIBO, SRI LANKA New Zealand: 305 and 260-3

(NDIA VS. KENYA TRIANGULAR SERIES HURSDAY IN GWALIOR, INDIA ndla: 196 all out in 47.1 overs

CYCLING

GIRO D'ITALIA

Laadings positions in 13th stage, 166 ki-meters (103 miles) from Carpl to Schlo. . Michele Bartoll, Italy, Asics. 3 hours, 58

1. Microse Seronds.
2. Giuseppe Guerini, Italy, Politi, same lime
3. Poolo Bettini, Italy, Asics, s.f.
4. Andrea Noe, Italy, Asics, s.f.
5. Dovide Rebellin, Italy, Politi, 16
6. J. Luis Rubiers, Spoin, Kelme, s.f.
1. Maria Huber, Spoin, Sp a. J. Lus Adirest, Spoin, Neime S.I.
7. Micola Micest, Itoly, Rico Scottl s.I.
8. Juan Carlos Dominguez, Sp., Vitalicia. s.I.
9. Oskar Comerciand, Switz, Mopel. s.I.
OLLuc Lebianc, France, Team Poffi, s.I.
OVERALL: 1. Noe, 62 hours, 38 minufes, 14
seconds; 2. Bartoli, of 6 seconds; 3. Alex Zuffe,

Rublero, 43; 6. Laurent Rous, France, TVM. 49; 7. Guerini, 1:15; 8. Luc Lebiono, France. ne Uno, 1:20: 10. Povel Tonkov, Russia, Mapel, 1:21.

FIELD HOCKEY

WORLD CUP

FRIDAY IN UTRECHT, NETHERLANDS tralia 4, Argentina 2 PLAYOFFS FOR STH-8TH PLACES

New Zealand 3. South Africa 1 h Korea 2, United States 0 PLAYOFF'S FOR 9TH-12TH PLACE

SOCCER

MANAGEMENT CHITTONIALS den 3. Denmark 0 Croatia 3, Slovakla 2

AZERBALIAN CUP FRIAL Kepez Ganja 2, Karabakh Agdom 0

TRANSITIONS

BASTRALL AMERICAN LEAGUE

AMERICAN LEAGUE

BALTIMORE—Voided option on RHP Nerio

Rodriguez and placed him on 15-day disabled

ist. retroactive to May 26.

BOSTON—Activated 55 Normar Garciapporto
from 15-day disabled list. Optioned RHP Joe

Hudson and INF Keith Johns to Pawhucket.

IL Recalled LHP Brian Bankey from

Powtucket.

CHICAGO—Agreed to terms with LHP Jim Abbott on minor-league contract. CLEVELAND—Signed OF Aaron Gordnier and RHP Jason Former to minor-league con-

and RHP Jason Former to minor-league conincts.

DETROIT—Recoiled OF Kimera Bartee and
INF Bill Ripken from Taledo, IL. Opsoned
RHP Greg Keagle to Totedo. Put INF Bip
Roberts on 15-day disabled list. Recalled C
Raul Casanova from his rehabilitation assignment and optioned him to Totedo.

MINNESOTA—Recalled LHP Dan Serafini

from Sali Laife, PCL

NL—Suspended Chicago C Sandy Martinez for 2 games and Atlanta OF Curtis Pride for 1 for 2 detnes and Antania UP Curits Prine for I game for their actions in fight on May 25. ATLANTA—Signed C Javy Lopez to 3-year contract extension through 2001. CHICAGO—Put C-INF Tyler Houston on 15-day disabled list. Recalled RHP Justin Speler

m lower PCL. COLORADO—Put RHP Kevin Ritz on 15-day

disabled list, retroctive to May 18. Bought contract of RHP David Walnhouse from Col-orado Springs, PCL. HOUSTON—Activated 18 Jeff Bagwell from 15-day disabled list. Optioned INF Daryte Word to New Orleans. PCL. st. Louis—Put RHP Mike Busby and INF bavid Howard on 15-day disabled list. Re-

called INF Luis Ordaz and RHP Rich Croushore from Memphils, PCL SAN DIEGO—Sent OF James Mouton to Las

FOOTBALL NATIONAL FOOTBALL LEAGUE CHICAGO-Signed LB Andre Collins to 2-

CINCINNATI-Signed TE Domion Voughn ion Accordell, Signed CB Cordell Toylor

KANSAS CITY—Signed CB Eric Worfield to 3-SAN DIRGO—Re-signed OL Ben Bordelon to SAN FRANCISCO-Agreed to terms with DE

Chris Doleman, Signed DT Brentson Buckner and DE Tray Wilson. CANADIAN FOOTBALL LEAGUE TORONTO-Signed DL Tony Duniels and

NATIONAL HOCKEY LEAGUE NHL—Fined Buffato F Miroslav Satan \$1,000 for high-sticking Washington F Chris Simon in May 25 gam

and Don Hay will not return as assistant

nounced resignation of Jim Loria, director of public and community relations.

Greg Phillips on 3-year contract. PITTSBURGH...Signed G Croig Hiller Pay Sommer coach and Nick Fotty assistant

AIR FORCE-Named Sue Darling women's

DOSKETBOLL COOCH.
INDIANA COLLEGIATE ATHLETIC CONFER-ENCE—Announced it's changing its name to the Heartland Collegiate Affiletic Conference-which will include Anderson, Blufflon, Franklin, Hanover, Monchester, Mount St. Joseph Wabash and Wilmington, NORFOLK STATE- Anno

chael Bernard, ending his six-year tenure.

CALVIN AND HOBBES

THE WEEK AHEAD

SATURDAY, MAY 30

AMERICAN FOOTBALL, NFL Europe: Amsterdam vs. Duesselforf.

BASKETBALL, various sites, Germany—
women. World Champlorship, to June 7.

BOXING., Los Vegas — Bernard Hopkins,
United States, vs. Robert Allen, United States,
12-round bourt for Hopkins' IBF middleweight
titte. Laurent Boudouani, France, vs.
Guillermo Jones, Panarna, 12-round bout for
Boudouani's WBA juntor middleweight titte.
Tim Austin, United States, vs. Anrian Kaspari, Indonesia, 12-round bout for Austin's
IBF bardemweight titte; Imanu Moyfield,
Canada, vs. Soul Mortans, Mexica. 12-round
bout for Mayfield's IBF cruiserweight titte.

CYCLING, Gir of Italia, to June 7: Eng-

CYCLING, Gas d'Italia, to June 7: Eng-land — Prutour Cycling race, to May 31. FIELD HOCKEY, Utrecht, Netherlands —

women and men. World Championship. to May 31.

aoLF, Kaml. Japan — men, Mitsubishi Galant, to May 31; Dublin, Ohlo — men. Memodal Tournament, to May 31; Pitistord, New York — women. Rochester International. to May 31; Harma, Japan — women. Tol Motors Ladies, to May 31; Midway, Pennsylvania — seniors, Pitisburgh Classic, to May 31; Hamburg, Germany — men. Deutsche Bank-SAP Open. to June 1.

ay MMASTINES, Sabe. Japan — men. women, World Cup Final (artistic), to May 31.

HANDBALL, Bolzanio and Merano, they — European Championship, to June 7.

 European Championship, to June 7.
 ROWING, Munich Germany — Roy ITEMPT, Vo. COOMING United States vs. Scalland: Bucharest, Romania — European Under-21 Championship to May 31.

TENNUS, Paris — men, women, French Open, to June 7.

SUNDAY, MAY 31

ATHLETICS, Eugene, Oregon -

MONDAY, JUNE 1

ATHLETICS, Hengelo, Nethe TUESDAY, JUNE 2

IT COULD BE A ROREARM AND FINGERS.

WEDNESDAY, JUNE 3 ATHLETICS, Buffalo, N.Y. -- men. wo

THURSDAY, JUNE 4 ATHLETICS. St. Denis, France - L'Hu-

CRICKET, Birminghors, England — Eng-land vs. South Africa, first test to June 8.

QOLF, Ware, England — men, English Open to June 7; Shibata, Japan — men, JCB Classic, to June 7: Heris, Pot

FRIDAY, JUNE 5

HORSE RACING, Epsom. England — English Coks. GOLF. Kobe, Japan — women, Milsubishi Electric Lodies, to June 7: Alpharetta. Geor-gia — men, seniors. Nationwide Champion-

ship, to June 7.

SATURDAY, JUNE 6 AMERICAN FOOTBALL, NFL EURODO:

vesseldorf ys. Frankfurf. BOXING, New York — Evander Holyfield, BOXINGA, New York — Evander Holyfield, Unided States, vs. Henry Akimzonde, En-land, 12-round bout for Holyfield's WBA and IBF heoryweight filtes: William Joppy, United States, vs. Roberto Duran, Pondau, 12-round bout for Joppy's WBA middle - weight thite; Lou Del Valle, United States, vs. Darlo Micheon, Argentino, 12-round bout for Del Volte's WBA light heoryweight fille.

Vermont — Pacific Rim Chan

ed States vs. Conada. SUNDAY, JUNE 7 MOTOR RACINO, Montreal Control -

Detroit — Indy-cor, Detroit Grand Prix.

AMERICAN FOOTBALL, NFL Europe: arcelong vs. England; Scotland vs. Ams

con — Znamensky Classic.

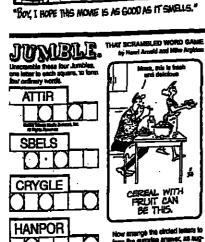
SOCCIER, Paris — FIFA Congress, election of new president, to June 8.

RUGBY UNION, Tokyo — Pacific Rim

I CAN'T WAIT I DIDN'T KNOW

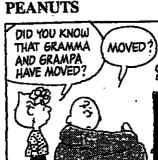
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GARFIELD

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BEETLE BAILEY

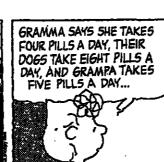
ruw

HOW COME THE

GENERAL GETS TO

IMPROVE HIS LIE,

BUT WE DON'T?



WANNA

WE'RE

"ARMY

RULES"



SURE.







WALKER.



















NON SEQUITUR







HELL, I HATE TO SPEAK ILL OF THE OCAD, JIMMY, BUT TO BE HONEST, HE COULD BE A



PAGE 22

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IAMI — I finally finished the script for the sequel to the movie "Titanic." I am calling it — and let the record show that I thought of this first — "Titanic II: The Sequel."

I have been working on this script, without sleeping or eating, except for two grilled-cheese sandwiches, for the better part of the last 35 minutes. I realize that sounds like a lot of work, but bear in mind that writer/director James Cameron

work, but bear in mind that writer/director James Cameron spent nearly twice that long on the script for the original movie, which was entitled "Titanic I, the Original Movie."

As you know, "Titanic I" garnered a record 56 Academy Awards, including Best Major Motion Picture Lasting Longer Than Both O. J. Trials Combined; Most Total Water, Most Realistic Scene of Bodies Falling Off the End of a Sinking Ship and Landing on Big Ship Parts With a Dull Clonking Sound; and Most Academy Awards Garnered.

The movie has made a huge star out of Leonardo DiCaprio, who has shown the world that he is not just a pretty face; he is a pretty face who, if he had been in my high school, would have spent a lot of time being held upside-down over the toilet

The phenomenal success of "Titanic I" has also served as an elegant rebuttal to Cameron's critics. Cameron was especially angry at the Los Angeles Times film critic Kenneth Turan, who said Cameron's writing was trite and devoid of subtlety. I certainly don't want to take sides in this issue, other than to say that James Cameron is easily the most talented human being in world history. I say this out of a sincere desire to have Mr. Cameron pay a hefty sum for my script. Here it is: .

(The movie opens with the Titanic II, getting ready to sail. As the ship's horn blasts a mighty departure toot, up runs spunky young Jack Dawson, played by Leonardo DiCaprio. There is seaweed on him.

James Cameron is

the most talented

human in history.

JACK: Whew! I just made it! ROSE: Jack! I thought you had drowned! To death!

JACK: No! Fortunately, the bitter North Atlantic cold was unable to penetrate my protective layer of hair gel!

Who are you? ROSE: I'm Rose! Remember? You gave your life for

me in "Titanic I." JACK: But Rose was played by Kate Winslet! ROSE: She didn't want to be in another movie with you. because your cheekbones are so much higher! So the part went

to me, Demi Moore! (The scene shifts to the ship's bridge.)

CAPTAIN: Alloy, First Mate! Commence starboard computer animation! Full speed ahead!

FIRST MATE: Sir! We're getting reports of gigantic icebergs directly ahead! Shouldn't we go slow?

CAPTAIN: Don't be silly! What are the chances that we're

going to hit another ... (There is a loud crunching sound. Big pieces of ice come through the window, along with several penguins.)

CAPTAIN: Dang! FIRST MATE: Sir! The computerized sinking animation

has commenced! (The scene shifts to the Poop Deck, where the water is rising fast. Jack and Rose are helping women and children into a lifeboat, when an evil villain appears with a gun.)
VILLAIN: Out of the way! I'm taking this lifeboat all for

JACK: It's Kenneth Turan, film critic for the Los Angeles

TURAN: Is too!

(They commence fighting. Turan, by cheating, gains the

TURAN: I have gained the upper hand! And now, pretty boy. I'm going to ... OHMIGOD! NOOO! (Turan is torn into raisin-sized pieces by an irate horde of

young female Leonardo DiCaprio fans.) JACK: Whew! That was close! Uh-oh! The ship is almost

computerized waves, they embrace. There is a cracking care who it is, mate," Blair was told. "Rules are rules." sound.)

ROSE: Sorry! I have tremendous upper-body strength since

starring in "G.I. Jane" JACK: Don't worry! As long as my cheekbones are O.K.! (The water slowly closes over them. In the distance, we hear two crew members on a lifeboat, looking for survivors.) FIRST CREW MEMBER: What's that sound over there? SECOND CREW MEMBER: It sounds like ... Oh my God!

It's Celine Dion! FIRST CREW MEMBER: Let's get out of here!

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A Baffling Murder-Suicide Stuns Hollywood

By Sharon Waxman Vashington Post Service

ENCINO, California — Brynn Hartman called her friend Andrea Diamond two days ago. She wanted to talk about something, she said, and set up a play date for their daughters for Thursday. "I figured I'd come over and we'd complain about our husbands." the

friend said with a sigh.

The play date never happened.

When police officers found the comedian Phil Hartman at 6:45 berself in the same room as the upcoming summer film "Small police came through the open front Soldiers. door. A murder-suicide, they said.

Los Angeles suburb. Even by the standards of Hol-

Shocked friends and colleagues were left shaking their heads.

They'd had a lot of ups and downs. He was working a lot. She wasn't happy," said Diamond. She and other friends rushed to the house when they heard the news. but no one seemed able to comprehend what had happened.

"He was exceedingly happy and was looking forward to getting back to work on NewsRadio, said a close friend who spoke to Hartman on Wednesday. "He had just bought himself a new boat."

If the Hartmans had their difficulties - spending time apart as the actor pursued his career and hobmotorcycle and sports car - no one expected the tragic outcome.

"She left me a really happy message on my answering machine vesterday," said Susan Kaplow, a longtime friend of the 40-year-old third wife. "She was an amazing comedy sketches, died in 1994 of a friend. An amazing mother."

Diamond added: "Something

must have made her crazy for her to do this. Why would she do this? I don't know why she would do

Hartman, 49, the chameleon-like actor with the anchorman baritone whose savage impersonations of President Bill Clinton, Jesus and Barbara Bush delighted viewers of "Saturday Night Live" for eight seasons, was at the peak of his career. His critically praised series "NewsRadio" had just been renewed for the fall by NBC. He did regular voice-overs as a series of satirically smarmy characters on "The Simpsons" cartoon show, Thursday morning, he was dead in his bed, from a gunshot wound. His wife, Brynn, had shot and killed was a central character in the and he was a central character in the control of the was a central character in the was a central character in the control of the was a central character in the control of the was a central character in the was a central character in the was a central character in the control of the was a central character in the was a central char

Hollywood, accustomed to tales The Hartmans' two terrified chil- of the offbeat and unusual, was left dren. Sean, 9, and Birgen, 6, were whisked from the gated, sprawling home in a wealthy enclave of this Los Angeles comedy group called Los Angeles comedy group called the Groundlings, expressed shock and confusion. "It doesn't make lywood's stranger-than-fiction sense. He was wonderful, invigreality, this was beyond disturbing orating," he said, fumbling before cameras. television bizarre.

Jon Lovitz and Dennis Miller, two other comedians, were distraught and weeping as the news came across their television screens, said a friend of both. Friends such as the "Tonight Show" host Jay Leno and the "Simpsons" creator Matt Groening were dumbfounded.

Hartman, a deadpan comic with

blandly handsome, malleable looks, was the latest alumnus of the 'Saturday Night Live'' cast to die tragically. His former colleague Chris Farley died of a drug over-dose in December at age 33. John bies, including his private airplane, Belushi, the hard-driving, oft-depressed comic, also died of an overdose in 1982 at 33. Gilda Radner, a member of the show's original cast, died of ovarian cancer in 1989 at 42. Michael O'Donoghue, one of the show's original writers and the former model who was Hartman's creator of some of its funniest black

stroke at age 54.

But unlike Farley and Belushi,



The comedian Phil Hartman and his wife, Brynn, in 1992.

as a tortured comic soul, and he was both widely admired and liked in the entertainment community. Flush with professional success, he was working constantly and earning more than ever. In addition to his work on "NewsRadio," Hartman had landed roles in such movies as "Sgt. Bilko" and 'Houseguest' and had become a well-paid spokesman for such products as Slice soft drinks, Pon-

tiac cars and a California bank. created rock album covers - in- lights of the show.

Hartman was not especially known as a tortured comic soul, and he was Crosby, Stills and Nash — but took a chance on improvisational comedy when he joined the Ground-lings in the mid-1970s. He began writing material for Paul Reubens, helping to develop the Pee-Wee Herman character.

His comedy career took off in 1986 when he landed a slot in the cast of "Saturday Night Live," becoming a key part of the show's renaissance as a hotbed of comic The comedian came late to his acting career. Born in Canada Hartman was raised in Connecticut and Southern California, where he are some case of a perplexed Clinton, an aging street just off the main commercial strip in Encino.

Frank Sinara and a foolish Ed

Said Diamond: "They had studied to be a graphic designer. He McMahon were among the high-

The producer of "Saturday Night Live," Lorne Michaels, said "He used to call himself The Glue' - that was his name for himself at 'Saturday Night Live.' The thing was he held the show, together because of his enormous

versatility."
On "NewsRadio," which has been on the air since 1995. Hartman played an egotistical, manipulative radio anchor. Friends said the actor had been looking forward to resuming production in July. Plans for the show are now up in the air, according to executives at the production company. Brillstein-Grey.

But the success of Hartman's career may have contributed to strains in his marriage, friends said Diamond said: "He was very good at what he did. That's why a lot of marriages don't work out, but they were together for quite some time. That's why so many people are shocked; they hung in there." Other friends said that the Hartmans' marriage had its rough moments, pointing to alleged infidelines. "He adored her," Diamond said however. "I'd catch him looking at her across the room - you could tell by the way he looked at her. Whether he knew how to treat her the right way, I don't know."

A police spokesman, Lieutenant Anthony Alba, said that the authorities responded to a call from neighbors who reported gunshots at 6:20 A.M. Officers found the front door ajar, with Sean in the front room. They removed him from the house and were about to get his sister, Birgen, when they heard shots coming from a master bedroom toward the back of the house.

"At this point, it is known for sure that she died of a self-inflicted gunshot wound," Alba told a news conference. He said he was "untalent in the late 1980s and early aware" of any previous police vis-

something everybody dreams ofand look what happens.'

PEOPLE

TAVE you heard the one about Tony Blair's mother-in-law TURAN: That's right, and I shall stop at nothing to get off this ship, because the dialogue is terrible!

Have you near the about 1 only blair 8 monter-in-law and the Spanish prime minister? Or how Blair hung up on the queen? The British prime minister had an audience in fits of laughter with tales of his political life in a television chat show. Blair told how he had sent his family, including his mother-inlaw, ahead to Spain for an Easter break with Prime Minister Jose Maria Aznar while he was detained by peace talks in Northern Ireland. When he finally arrived he told Aznar he feared they would not have enough time for talks. "Don't worry about all that," Aznar told him. "I've spoken to your motherin-law and we've sorted all that out." Blair also told how Queen Elizabeth had called him on his mobile telephone when he was on a plane about to take off. The moment Blair (As the two lovers start to slip beneath the icy cold answered, the pilot ordered him to switch his phone off. "I don't

> Mayor Wellington Webb's flair at organizing a summit meeting of world leaders in Denver last summer has earned him a national honor — from France. President Jacques Chirac has designated Webb as a recipient of the Chevalier of the Legion of Honor, a spokesman for the mayor said. Webb will receive the honor in a ceremony in Denver.

The actor Charlie Sheen was ordered to wear an electronic hearing July 1 on charges he violated probation by engaging in to control his "problem," which he blamed on alcoholism.

drug activity. His father, Martin Sheen, asked prosecutors to file the violation, which is connected to a battery conviction last year, and to issue an arrest warrant for his son, said the district attorney's office in Malibu, California. Charlie Sheen, 32, looking thin and pale, showed up in court accompanied by his father and the actors Sean Penn and Mira Sorvino. Two years ago, Sheen said he had given up alcohol and drugs. But last week he was hospitalized after a reported overdose.

The Spice Girls are sticking to their story that Ginger Spice is battling a bug. But the rumor mill cranked up Friday over the Spice Girls' future after Geri Halliwell failed to perform with the group for a second straight night. A spokeswoman said Halliwell's absence was caused by a stomach bug. But The Sun, a British tabloid, reported that the singer had walked out after a "blazing row," and possibly for good. The Spice Girls performed Thursday in Oslo as a quartet, and also appeared without Halliwell on British television on Wednesday. They are sched-

The son of a former U.S. senator, George McGovern, is heading to jail for violating his probation. Steven McGovern, 45, had received a six-month suspended sentence for beating his former fiancée. He pleaded guilty on Wednesday to beating and monitoring device and stay at drug treatment centers until a kicking her again. His lawyer said his client was working hard

uled to head for the United States in June for a 40-city tour.



CHAMP — Jody-Anne Maxwell, 12, of Jamaica after winning the 71st National Spelling Bee in Washington She triumphed by correctly spelling "chiaroscurist."



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